UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

Terminated ~~(or cancelled)~~ without certification. DMEA No. 1593.

This is the official contract file containing all official records of the project. Duplicate material has been removed. The records contained in the files are checked and are arranged in this manner:

Left Side

- ✓ Certificate of Audit (Final).
- Interim Audit(s).
- ✓ Report of Review.
- ✓ Termination Notice or Agreement.
- Recision Notice.
- Assignment of Contract.
- ✓ Contract Amendments (latest on top).
- ✓ Contract Approval
  Contract with all exhibits and annexes.
- Owner's Consent to Lien.
- ✓ Subordination Agreement.
- Leases and assignments of leases.
- ✓ Application and attachments.
- ✓ Schedule of Collections.
- ✓ Operator's monthly reports and all attachments (latest on top).

Right Side

- ✓ Project summary.
- ✓ Work completed analysis.
- ✓ All other material is filed in chronological order with correspondence including the following reports as checked:
  - ✓ Final Field Team Report. (Tab)
  - ✓ Operator's Final Report.
  - ✓ Interim Reports.
  - On-site Exam Report(s). (Tab)
  - Settlement Sheets.

If additional folders are required because of volume of records, show folder numbers and contents below:

Maps in folder number _____

Operator's Monthly Reports in folder number _____

7973

WP Reviewer's Initials E. Rayum.

DEFENSE MINERALS EXPLORATION ADMINISTRATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

Audit Certificate

I have examined the records and transactions of:

Ambassador Mines Corporation
401 Empire State Building
Spokane 1, Washington

pertaining to Exploration Project Contract No. Idm-K113, Docket No. DMA 1593X, for the period of August 24, 1951 to August 27, 1952.

My examination was made in accordance with generally accepted standards applicable in the circumstances.

The audit disclosed the following facts in regard to the amount to be paid the contractor:

Total cost as billed by contractor		$8,738.27
Exceptions:		
By Certifying Officer	$1,622.52	
By audit report	146.39	1,768.91
Total accepted cost		$6,969.36

The contract calls for a 50 percent participation of exploration expenses by the United States Government. Therefore, payment to the contractor by the Government in the amount of Three thousand four hundred eighty four and 68/100 Dollars

$3,484.68

is valid and proper.

This certificate is issued on the provision that the Regional Executive Officer, the Administrator, or other competent official has accepted or will accept the project as having otherwise met the terms of the contract.

January 15, 1953

Charles A. Turner, Auditor

I INTRODUCTION

On January 5 and 6, 1953, a final audit (covering the period of August 24, 1951 to August 27, 1952) was made of the records and accounts of operations pertaining to Contract No. Idm-K113, Docket No. DMA 1593X (lead-zinc), (as amended by the DMEA Executive Officer of Region II by amendments dated September 1, 1951 and May 9, 1952 and terminated by the Government on August 27, 1952) with the

Ambassador Mines Corporation
401 Empire State Building
Spokane 1, Washington

covering a project of exploration for lead and zinc.

The accounting records under this contract are located in the Company's office at 401 Empire State Building, Spokane, Washington.

During the course of the audit the following officer and accountant of the company was consulted as required

Miss E. I. Fisher, Secretary-Treasurer

Miss Fisher's cooperation and assistance greatly facilitated the audit.

II GENERAL INFORMATION ON RECORDS

The accounting record for the exploration project is integrated through an apparently modern system with the general accounts covering the company's exploration, drilling, crosscutting and drifting, and other operations.

Source documents covering the costs of this project are recorded on monthly work sheets which form the basis for preparation of the monthly MF-104, "Operator's Monthly Report and Voucher"; therefore,

this audit involved in general a check of the source documents against the monthly work sheets and MF-104 as set forth in Exhibit "A".

III SCOPE OF AUDIT AND FINDINGS

The audit was limited to ascertaining the accuracy, propriety and validity of the costs as shown in "Totals to Date" column of the final Form MF-104, "Operator's Monthly Report and Voucher" for the month of July 1952. The extent of the audit and findings under each of the "Items of Cost" follow.

1. Independent Contracts

Under the terms of the subcontract made June 7, 1952 and approved by the Government on June 11, 1952, C. L. Shepherd, diamond drill contractor of Wallace, Idaho, contracted to drill holes EX size at a price of $3.25 per foot for holes not exceeding 300 feet in depth. The drilling contractor was to furnish his own drilling machine and drilling equipment personnel.

It was found that the total costs properly chargeable to and allowable under this item were

464 feet diamond drilling @ $3.25/ft.	$1,508.00
112 feet diamond drilling @ $2.50/ft.*	280.00
	$1,788.00

*Diamond drilling AX hole to replace EX hole lost.

During the month of July 1952, the drillers were stalled at a depth of one hundred twelve (112) feet by a cave. As the result of this it was agreed that the subcontractor would ream to AX size and case at an extra cost of $2.50 per foot. That effort was made and

the drillers failed to make a proper contact and could not do the reaming. Whereupon, they agreed to drill a new hole AX to the extent of 112 feet for the same price as reaming, $2.50 per foot.

2. Labor and Supervision

All charges under this item were checked against the recordings on the monthly work sheets and the MF-104, "Operator's Monthly Report and Voucher." In order to verify the labor time, rates and payments, the time books, payroll and cancelled checks were examined.

The audit disclosed that the costs shown under this item on the July 1952 MF-104, as compared to the costs properly chargeable and allowable under the terms of the contract, to be:

Labor		Charged	Deleted by Certifying Officer	Allowable
September	1951	$351.00	---	$351.00
October	1951	354.00	---	354.00
May	1952	568.10	$568.10	---
May	1952 Supplement	159.00	---	159.00
June	1952	72.50	---	72.50
		$1504.60	$568.10	$936.50

May Labor Claimed

August Hess 23½ days @ $350.00 month	$316.10
Herbert Wilson 168 hours @ $1.50 per hour	252.00
Deleted by Certifying Officer	$568.10

May Labor Performed - Reclaimed on May Supplement

August Hess 6 days @ $12.50 per day	$ 75.00
Herbert Wilson 7 days @ $12.00 per day	84.00
Reclaimed on May 1952 Suppl. by the Operator	$159.00

Supervision		Charged	Deleted by Certifying Officer	Allowable
September 1951) October 1951)		$ 643.89	$129.13	$ 514.76
May	1952	300.00	300.00	---
May	1952 Supplement	200.00	---	200.00
June	1952	340.98	340.98	---
July	1952	668.81	68.81	600.00
		$2153.68	$838.92	$1314.76

Items deleted by Certifying Officer

September-October 1951	$129.13
Subsistence	
May 1952	
Claimed full month - should be 2/3 month or $200.00	300.00
Was reclaimed on May Supplement	
June 1952	340.98
Contained $40.98 expenses	
$300.00 reclaimed in July	
July 1952	
June and July salary and expenses $668.81	
Expenses deleted	68.81
Deleted by Certifying Officer	$838.92

3. Operating Materials and Supplies

All charges against this category were checked against the monthly work sheets and an analysis was made to determine propriety of the items charged. All purchases for the period under audit were verified for adequate accounting support and were spot checked for proof of payment against cancelled bank checks.

No supplies remained on hand.

The total costs properly chargeable and allowable under this item were found to consist of the following:

Gasoline and Oil	$471.09	
Less Montana gas tax refund	52.80	
		$418.29
Other - Diamond drilling supplies		693.82
		$1112.11

Transportation claimed	
September-October 1951	$ 87.45
May 1952	35.00
	$ 122.45
Transportation charges proved to be expenses of management and not allowable costs of the project.	
Deleted by Certifying Officer	35.00
Disallowed by Audit	$ 87.45

4. Operating Equipment

Exhibit "A" of the exploration contract and Amendment No. 1 of the exploration contract provide for monthly rental allowances to the Operator for equipment furnished.

Charges for this item were made at the authorized contract rates when such equipment was indicated as being in use on the project.

All charges for operating equipment were checked against the monthly work sheets and MF-104, "Operator's Monthly Report and Voucher."

Equipment hours worked were checked against time books and work sheets. In some cases, time charged was based on estimates which appeared to be most reasonable.

The proper and allowable costs for Operating Equipment were found to be:

	Claimed July 1952 MF-104	Deleted by Certifying Officer	Allowable
Rental *			
Diamond drill equipment	$ 430.00	---	$ 430.00
Depreciation **			
Drifter	14.50	.34	14.16
Mucking machine	53.33	---	53.33
Tramaire	267.50	---	267.50
Mine cars	26.66	8.33	18.33
Compressor	582.10	54.40	527.70
Light plant	43.00	---	43.00
Ventilating fan	46.00	---	46.00
Amount claimed	$1463.09		
Deleted by Certifying Officer		$63.07	
Allowed by audit			$1400.02

*Contractor claimed $430.00 rent on drill equipment under "Drilling." This item was shown under "Rental" in corrected distribution on Exhibit "A".

**Contractor claimed rental under depreciation. These items shown under rental in corrected distribution, Exhibit "A".

5. Initial Rehabilitation and Repairs

Not applicable to this contract.

6. New Buildings, Improvements, etc.

Not applicable to this contract.

7. Miscellaneous

a. Payroll Taxes and Workmen's Compensation

All charges for payroll taxes and insurance were checked by computation at the rates shown by the Company's files to be in effect. These rates were:

Social Security Tax	1.5%
Unemployment - Montana	2.7
" - Federal	none
Total	4.2%

Montana Compensation Insurance
Prior to July 1, 1952 5.6% of payroll
July 1, 1952 on 8.0% of payroll

During the life of the contract, wage deletions, labor and supervision and payroll tax deletions were made by the Certifying Officer as follows:

	Claimed		Deletions	
	Wages	P.R. Taxes	Wages	P.R. Taxes
Sept. 7 - Oct. 31, 1951	$1348.89	$136.02	$ 129.13	—
May 1952	868.10	83.81	868.10	83.81
May Supplement	359.00	35.19	—	—
June 1952	413.48	40.51	340.98	33.41
July 1952	668.81	73.41	68.81	.21
	$3658.28	$368.94	$1407.02	$117.43

	Wages	Payroll Taxes
Claimed - MF-104		
Labor and Supervision	$3,658.28	$368.94
Deleted by Certifying Officer	1,407.02	117.43
	$2,251.26	$251.51
Allowed by audit	2,251.26	245.37
Disallowed by audit		$ 6.14

b. Liability Insurance

This item covered liability insurance on equipment. Examination of the Aetna Casualty and Surety Company policy requiring an annual premium of $50.00 makes the claim of $12.60 appear just and reasonable.

c. Accounting

This item covers services of the Company's accountant in preparing records for the company and Forms MF-104. Examination of the payrolls verified this claim, which appears to be just and reasonable.

IV CONCLUSIONS AND RECOMMENDATIONS

This audit has disclosed that all costs as charged to this project, with the exceptions of the disallowances itemized under Item (3), Operating Materials and Supplies, and Item (7), Miscellaneous of the preceding section of this report, are reasonable and proper under the terms of the contract as set forth in Exhibit "A".

Charles A. Turner, Auditor

AMBASSADOR MINES CORPORATION
Contract Idm-E113

Exhibit "A"

		July 31, 1952 MF-104 Totals	Distribution corrected	Disallowed by Auditor	Allowed by Audit
1. Independent contracts					
Drilling		$2,218.00	$1,788.00	---	$1,788.00
2. Labor and Supervision					
Labor	936.50	936.50	936.50	---	936.50
Supervision	1314.76	1,314.76	1,314.76	---	1,314.76
	2251.26				
3. Operating Materials					
Gasoline and Oil		471.09	471.09	52.80	418.29
Transportation		87.45	87.45	87.45	---
Miscellaneous Supplies		691.97	693.82	---	693.82
4. Operating Equipment					
Rental					
Diamond drill equipment			430.00	---	430.00
Drifter	14.16		14.16	---	14.16
Mucking machine	53.33		53.33	---	53.33
Transaire	267.50		267.50	---	267.50
Mine cars	18.33		18.33	---	18.33
Compressor	527.70		527.70	---	527.70
Light plant	43.00		43.00	---	43.00
Ventilating fan	46.00		46.00	---	46.00
Depreciation	970.02	970.02	---	---	---
7. Miscellaneous					
Repairs to equipment		1.85	---	---	---
Payroll taxes		251.51	251.51	6.14	245.37
Liability insurance		12.60	12.60	---	12.60
Accounting		160.00	160.00	---	160.00
		$7,115.75	$7,115.75	$146.39	$6,969.36

Charles A. Turner, Auditor

Government Copy
Lead, Zinc

TERMINATION OF EXPLORATION PROJECT CONTRACT BY AGREEMENT
AFTER COMMENCEMENT BUT BEFORE COMPLETION OF THE WORK

It is agreed this 27th day of August, 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Exploration Administration, hereinafter called the "Government," and Ambassador Mines Corporation, Spokane, Washington, hereinafter called the "Operator," parties to that certain Exploration Project Contract Idm-E113, Docket No. DMEA 1593 (lead-zinc), dated August 24, 1951, that the said contract shall be and is hereby terminated as of the first date above written.

Any work prosecuted or costs incurred by the Operator after the date first above written shall be for the sole account of the Operator, except for (a) such necessary and reasonable costs and expenses as may be incurred in preserving and disposing of any facilities, buildings, fixtures, equipment, or other items, to the cost of which the Government has contributed and in which the Government has an equity, and (b) the costs of any reports, accounts, and winding-up and settlement actions provided for in the contract.

The undersigned Operator hereby releases and agrees to save harmless the Government from all claims and demands under or arising out of said Exploration Project Contract, except as herein expressly otherwise provided.

Witness the following signatures as of the day and year first above written.

UNITED STATES OF AMERICA

By M E Volin
M. E. Volin, Acting Exec. Officer
DMEA Field Team, Region II

AMBASSADOR MINES CORPORATION
(Operator)

By M. A. Unger

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 3 1 1952

Dmea - 1593
Lead, Zinc

AMENDMENT NO. 2

It is agreed this 9th day of May 1952, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration and Ambassador Mines Corporation, 416 Empire State Building, Spokane 1, Washington

each acting in consideration of the agreement of the other to the terms hereinafter set forth, that the Exploration Project Contract Idm-E113 of August 24, 1951 between the parties hereto be modified and amended as described in Exhibit "F", attached hereto, which, with any maps or drawings attached thereto, is made a part of this agreement. The effective date of this amendment shall be May 1, 1952.

This amendment is made by authority granted the Executive Officer, DMA Field Team, Region II in Order No. 2653 by the Acting Secretary of the Interior.

This amendment shall not be construed to increase the estimated total cost of the project, the aggregate total amount which the Government may be obligated to pay, or the percentage of costs which the Government may be obligated to pay, under the provisions of Article 13 of the contract form.

Executed in sextuplicate the day and year first above written.

Ambassador Mines Corporation
(Operator)

By Dale Lanphere

The United States of America

By A. E. Weissenborn

A. E. Weissenborn, Executive Officer
DMEA Field Team, Region II

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 19 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 2 1952

Ambassador Mines Corporation

Amendment No. 2

Exhibit "C"

Delete completely Items 2 and 3 under Description of Work in Exhibit "A".

Add:

Description of Work	Amount
2. Cutting drill station in Lulu adit at intersection of main crosscut and short drift, approximately 250 feet north of Lulu vein.	$ 250.00
3. Drill one diamond drill hole, on bearing S. 55° W., at -45° from drill station designated under Item 2. This hole to be drilled a maximum of 300 feet, or until Lulu vein is intersected. If Operator and Government Field Team believe it is warranted, additional drilling is to be done to obtain at least one more intersection of Lulu vein.	
Total drilling, 700 feet at $6.50/ft. Covers all costs not elsewhere itemized.	$4,550.00

SEP 2 7 1951

1st

Cont. Serv. Sec.
Chang Order
Noted .....
.....

OCT 4 1951

RECEIVED
CONTRACT SERV. SEC.
G. A. O.

This agreement shall not be construed to increase the obligated total cost of the project, the aggregate of the amount to be reimbursed by the Government or the obligated to pay, or the percentage of the cost which the Government is obligated to pay, under the provisions of Article 13 of the contract form.

Executed in accordance the day and year first above written.

AMBASSADOR MINES CORPORATION

Dale Sanphere
Vice Pres.

The United States of America

A. E. Weissenborn
Executive Officer,
Field Team, Indian Ag

M. E. Malin
Officer,
Field Team, Office I

Docket No. DMA-1593
Ambassador Mines Corporation
Sanders County, Montana
Contract No. Idm-E113 (Lead-Zinc)

JUSTIFICATION FOR AMENDMENT NO. 1

The original contract for exploration at the Ambassador Mine allowed for extending the main adit crosscut 200 feet to intersect the projected downward extension of the Wanda vein. By the time the contract was finally approved, the Operators had rented diamond drill equipment and were drilling a hole in the face of the crosscut in an attempt to gain information insuring the existence of the Wanda vein at crosscut level before the called-for crosscutting was initiated. Inasmuch as the originally proposed crosscut extension was somewhat of a longshot exploration chance and since the Wanda vein was being projected down dip more than 600 feet, the Field Team concurred with the Operator that information gained by diamond drilling would give fairly conclusive evidence as to whether the Wanda vein existed at crosscut level. Should the results of the drilling indicate the vein did not exist, a considerable economy of time and expense in completing the exploration project would be obtained. Consequently, Amendment No. 1 was prepared to allow for the drilling of one diamond drill hole from the face of the Lulu tunnel to check for the projected down dip extension of the Wanda vein.

Government Copy
Lead, Zinc
DMEA-1593

APPROVAL

Contract dated June 7 19 52, between Ambassador Mines Corporation, Spokane 1, Washington

and C. L. Shepherd Wallace, Idaho

for carrying out certain specified work under the provisions of Exploration Project Contract Idm-113 between the United States of America and Ambassador Mines Corporation 416 Empire State Building Spokane 1, Washington is hereby approved.

This approval shall not be construed to increase the estimated total cost of the project, the aggregate total amount that the Government may pay, or the percentage of the costs that the Government may pay, under the provisions of Article 13 of the Contract form.

Dated June 11 19 52.

The United States of America

By A. E. Weissenborn
A. E. Weissenborn, Exec. Officer
DMEA Field Team, Region II

JUN 23 1952

RECEIVED
JUN 11 1952
U. S. C. S.
SPOKANE, WASH.

CONTRACT

THIS INDENTURE made this 7th day of ~~May~~ June 1952, between AMBASSADOR MINES CORPORATION, a corporation organized and existing under the laws of the State of Washington, having its registered office and principal place of business in Spokane, Spokane County, Washington, the PARTY OF THE FIRST PART, and C. L. SHEPHERD of Wallace, Idaho, the PARTY OF THE SECOND PART, WITNESSETH:

That, WHEREAS, the Party of the First Part Owns and operates a certain mine in Sanders County, Montana, and is desirous of having certain diamond drill work performed in various locations in said mine; and,

WHEREAS, the Party of the Second Part is the owner and operator of a certain diamond drill machine and equipment;

NOW, THEREFORE, IT IS MUTUALLY COVENANTED AND AGREED AS FOLLOWS:

1. That the Party of the Second Part herein is an independent contractor and there shall be no privity of contract between the Party of the First Part and employees of the Party of the Second Part. All such employees, whether on a wage or profit sharing basis, shall be selected, fired, directed and paid by Party of the Second Part, and that subject only to the specific limitations herein set out the Party of the Second Part shall have exclusive dominion and control of the operations herein contemplated.

That the Party of the Second Part shall furnish his own machine, equipment and helper, or helpers, and shall diligently drill such diamond drill holes as the Party of the First Part shall specify according to specifications furnished by the Party of the First Part. As payment in full for services performed by the Party of the Second Part and for the use and rental of the said diamond drill machine and equipment, the said Party of the Second Part

shall be paid $3.25 per foot per hole to a depth of 300 feet and thereafter the said rate per foot shall be increased 25 cents per each additional 100 feet of depth, that is to say the rate shall be:

0' to 300' depth	-	$3.25 per foot,
300' to 400' depth	-	$3.50 per foot,
400' to 500' depth	-	$3.75 per foot, and so forth.

Said diamond drill holes shall be EX size and in the event special conditions prevail in the drilling of any diamond drill hole such as reaming, casing, or cementing, the said Party of the First Part shall pay to the Party of the Second Part a sum to be agreed upon by the parties hereto in addition to the rates specified aforesaid for his extra work and expense.

3. That the Party of the Second Part shall perform all diamond drill work under regular mine conditions and during the ordinary working hours prevailing at the mining property where said diamond drill work is to be performed.

4. The Party of the Second Part will at his own expense carry Workmen's Compensation Insurance and Occupational Disease Compensation Insurance covering himself and any employees. That the Party of the Second Part will pay any taxes and/or make any deductions under the Federal Social Security Act, and the laws of the State of Idaho in aid thereof for which the Party of the Second Part may become obligated and will comply with other laws, rules and regulations of any governmental authority affecting the operations of the Party of the Second Part in said premises, and will furnish the Party of the First Part with supporting evidence of such compliance.

The Party of the Second Part will pay all such premiums required for Workmen's Compensation Insurance and Occupational Disease Compensation Insurance and will furnish the Party of the

First Part evidence of compliance with said law and payment of premiums due on such policies.

5. That the said Party of the Second Part will perform all work in said premises in a miner-like manner and in accordance with the mining laws of the State of Montana under such rules and regulations as have been or may be issued by the Industrial Accident Board of Montana or the State Mines Inspector.

6. That on the first and 16th day of each and every month during the life of this agreement, the said Party of the First Part shall cause measurements to be taken of the diamond drill work performed by the Party of the Second Part during the interim periods, and the compensation payable to the Party of the Second Part for his services performed shall be based upon the said measurements and shall be paid at the rate hereinbefore specified on the 10th and 25th days of each and every month hereafter during the life of said agreement.

7. Either party may terminate this agreement by serving notice upon the other of intention so to do fifteen (15) days after the date of such notice. Such notice may be served upon either party, or may be deposited in the United States Post Office, postage prepaid, addressed to the party to receive same at his address of record, and the time of final determination of this contract may be sooner forfeited or terminated through the violation of any convenant herein against said Party of the Second Part reserved.

IN WITNESS WHEREOF the Party of the First Part has caused these presents to be signed by its President and Secretary and the Party of the Second Part has hereunto set his hand and seal the day and year first above written.

AMBASSADOR MINES CORPORATION

By M. J. Unger
President

ATTEST:

E. L. Fisher
Secretary

PARTY OF THE FIRST PART

E. L. Shepherd
PARTY OF THE SECOND PART

MF-200
(June 1951)

Docket No. DMA 1593X
Commodity Lead-Zinc

Idm-E113

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

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No.
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1/17/51

EXPLORATION PROJECT CONTRACT [1]

It is agreed this 24th day of August, 1951, between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] Ambassador Mines Corporation
416 Empire State Building
Spokane 1, Washington

hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Montana, County of Sanders described as follows: [3]

Ambassador Mine located in T23N., R32W.

with respect to which the Operator represents and undertakes: [4]

(*a*) ~~That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached.~~

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within thirty (30) days from the date of this contract shall commence work on a project of exploration for [5] Lead-Zinc; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] Six operating months * from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Any additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute currently its agreed pro rata share, are listed in Exhibit "A" attached hereto. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro rata share.

6. *Operating equipment.* Any operating equipment to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or depreciation, as the case may be, is listed under appropriate headings in Exhibit "A" attached hereto. As to equipment purchased for the project, the Government will contribute its agreed pro rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

* Not to exceed one calendar year.

16—64066-2

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* An itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project is set forth in Exhibit "A" attached hereto.

9. *Rehabilitation and repairs.* A statement of the cost of any necessary rehabilitation or repairs to put existing facilities, buildings, installations, and fixtures into useful and operable condition and which are to be allowed as costs of the project is included in Exhibit "A."

10. *Allowable costs of the project.* The costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, analytical work, accounting, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in this contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, taxes, or any other indirect costs not expressly allowed by these provisions, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

12. *Progress reports.* The Operator shall provide the Government with monthly reports of work performed under the contract upon forms to be provided by the Government. Each monthly progress report shall bear the certification of the Operator and shall constitute the Operator's invoice of costs incurred on the project during the period covered by the report.

13. *Payment to the Operator.* The monthly progress report (invoice), to the extent approved by the Government, shall be processed for payment by the Government. Payment shall be made in the amount of 50 percent of the approved costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $11,524.50, which is 50 percent of the agreed estimated total cost of this project, $23,049.00.

14. *Final reports by Operator.* Upon completion of the project or termination of this contract, the Operator shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

15. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter, shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent for each additional full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the mineral deposit which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

16. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

17. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in sextuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By C. D. Mitteudorf

Director, Production Expansion Division
Defense Minerals Administration

Ambassador Mines Corporation
(Operator)

By Dale Tanphere
Vice Pres.

U. S. GOVERNMENT PRINTING OFFICE 16—64066-2

Exhibit "A"

Description of the project and the work to be performed at the Ambassador Mine, Sanders County, Montana.

Continue the Lulu tunnel 200 feet so as to intersect the Wanda vein and then drift 150 feet easterly and 150 feet westerly along the Wanda vein for a total of 300 feet. This will permit determination of width and grade of the Wanda vein at depth. This will require 6 months time. 700 feet of diamond drilling will be drilled to determine the extension in depth of the Lulu vein from a station to be cut 400 feet north of the Lulu vein. Drilling will start with drifting.

Item	Description of Work	Amount
1.	Crosscutting and drifting on Lulu level, 500 feet @ $25.00 per foot. Covers all costs not elsewhere itemized.	$12,500.00
2.	Cutting a drill station off the Lulu adit 400 feet north of the Lulu vein. Covers all costs not elsewhere itemized.	250.00
3.	Drilling one 350-foot diamond drill hole, on a bearing S. 50° W., dipping -25° from the said drill station. Drilling one 350-foot diamond drill hole on a bearing of S. 68° W., dipping -23° from the said drill station. Total drilling, 700 feet at $6.50 per foot. Covers all costs not elsewhere itemized.	4,550.00
4.	Assays of samples.	50.00
5.	Cost of operating equipment to be purchased by operator.	555.00
6.	Rental of equipment owned by operator, six months.	2,766.00
7.	Cost of fixtures to be purchased and installed by operator.	578.00
8.	Supervision and general overhead.	1,800.00
	Total estimated cost of project	$23,049.00

Detailed list of additional facilities, buildings, and fixtures to be purchased, installed, or erected by Operator.

Description	Amount
800 ft. of 12 pound track	$248.00
400 feet of 2-inch black pipe and couplings	180.00
Rail spikes, plates, bolts, and nuts	150.00
	$578.00

Detailed list of operating equipment to be rented, purchased, or furnished by the operator with the allowable rental, purchase price, or rental value.

Description	Cost	Rental Value
To be purchased:		
Ventilation pipe, 10", galvanized sheet	$350.00	
Air hose, 1", rubber; 50' at $1.00/ft.	50.00	
Drill steel, 1 1/8" round; 60' at $1.75/ft.	105.00	
Miscellaneous small tools	50.00	
	$555.00	

To be furnished by operator:	Estimated Value	Monthly Rental Value
One drifter with column, C. P. 50	$800.00	$ 25.00
One Gardner-Denver Mucking machine	2,800.00	100.00
One Universal Tramaire Locomotive	2,000.00	75.00
Six mine cars @ $175.00	600.00	25.00
One "cherry picker," mine transfer	200.00	10.00
One 2 H.P. water pump, air driven	350.00	10.00
One Schramm 210 cu. ft. portable, gas driven compressor.	6,000.00	186.00
One 1,000 watt light plant	250.00	10.00
One ventilation fan, 9 H.P. gas motor	500.00	20.00
TOTALS	$13,500.00	$461.00

Rental value, 6 months $2766.00

Note. The preceding schedule constitutes the maximum charge for rental of equipment which will be allowed as a cost of the project. Rental for any individual items is to be charged only during the portion of the period in which they are used.

Schedule of Labor

Number	Name of Position	Wage Rate
2	Miners	$12.50/day
1	Blacksmith	12.00/day
1	Foreman	300.00/month

Overtime to be paid at the lawful rate.

The cost of items of labor listed above is included in the unit costs for drifting, crosscutting and drilling set forth in numbered items of expense, Exhibit "A".

Detailed schedule of existing facilities, buildings, installations and fixtures on the Ambassador Property, Sanders County, Montana.

Item	Description	Quantity	Remarks
1.	Cabins near Lulu tunnel portal	2	Useable
2.	Blacksmith and compressor shed	1	Useable

Cost of necessary repairs, - None

MF-202

LANDLORD'S SUBORDINATION AGREEMENT

Know All Men By These Presents:

Whereas, the undersigned is the owner in fee simple of that certain parcel of ground in the county of SANDERS, State of MONTANA, described in a certain Exploration Project Contract dated August 24, 1951, between Ambassador Mines X Corporation, the Lessee of said property, and the United States of America;

NOW, THEREFORE, the undersigned, as Lessor of said property under lease dated June 30, 1936, does by these presents subordinate all of his right, title, and interest under the provisions of said lease to the right, title, and interest of the United States of America under the provisions of said Exploration Project Contract, and agrees that the lien and claim of the United States of America under the provisions of said contract shall be prior to the undersigned's rights to rentals or royalties under the terms of said lease; and

The undersigned further agrees that if said leasehold interest should be surrendered or if said lease should terminate at any time prior to the expiration of the rights of the United States of America under said Exploration Project Contract, the undersigned shall assume and does hereby assume all of the obligations of the Lessee under said Exploration Project Contract to make repayment to the United States of America according to the terms of said contract; and

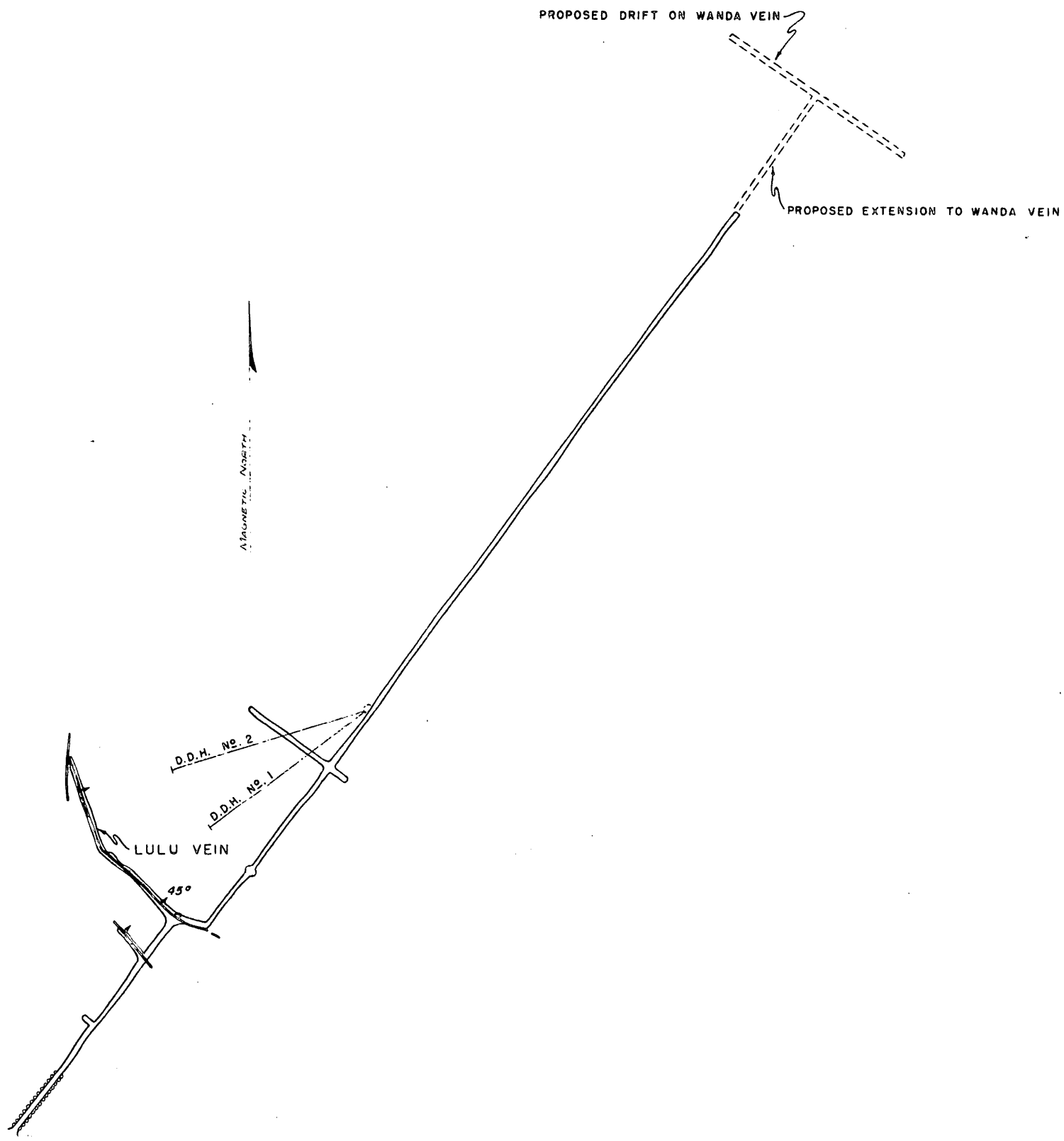
The undersigned agrees to commit no act, nor assert any claim under judicial process or otherwise that may contravene or conflict with the prior lien and claim of the United States of America under the provisions of said Exploration Project Contract.

This undertaking and covenant shall be binding upon the heirs, successors, and assigns of the undersigned.

Dated this 4th day of September, 1951

SUNNY PEAK MINING COMPANY

R. W. Kiesling Secy-Treas.



PLAN OF LULU TUNNEL

AMBASSADOR MINES CORP.

TROUT CREEK, MONTANA

SCALE

100 0 100 200 300 400 500

ADVANCE or TRIAL COPY
Not Yet Approved for Official Release Subject to Revision, Your Comments are Invited
U. S. GEOLOGICAL SURVEY

MF-300
(April 1951)

Docket No. DMA 1593X
Commodity Lead-Zinc

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

EXPLORATION PROJECT CONTRACT [1]

It is agreed this ..... day of ....., 195..., between the United States of America, acting through the Department of the Interior, Defense Minerals Administration, hereinafter called the "Government," and [2] Ambassador Mines, Inc., 416 Empire State Building, Spokane 1, Washington, hereinafter called the "Operator," as follows:

1. *Authority for contract.* This agreement is entered into under the authority of the Defense Production Act of 1950, pursuant to Mineral Order 5, entitled "Regulations Governing Government Aid in Defense Exploration Projects."

2. *Operator's property rights.* The exploration project shall be conducted on that certain property situated in the State of Montana, County of Sanders described as follows: [3] Ambassador Mine located in T. 23 N., R. 32 W.

with respect to which the Operator represents and undertakes: [4]

(*a*) That he is the sole owner, in possession and entitled to possession, and that the property is subject only to the following claims, liens, or encumbrances as to each of which the subordination agreement of the holder is attached: .....

(*b*) That he is a lessee, in possession and entitled to possession, and the subordination agreement of the lessor is attached.

3. *Exploration project.* The Operator, within 5 days from the date of this contract shall commence work on a project of exploration for [5] Lead-Zinc; shall prosecute the work efficiently, expertly, in a workmanlike manner, in accordance with good mining standards, with suitable and adequate equipment, materials, and labor, all properly designed to bring the project to completion within a period of [6] Six operating months * from the date of this contract. The exploration project and the work to be performed are more fully described on Exhibit "A" attached hereto, which, with any maps or drawings thereto attached, is made a part of this contract.

4. *Performance of the work.* The work shall be performed by the Operator, under his sole direction and control: *Provided,* That with the consent of the Government and its written approval of the contract or contracts, all or any part of the work may be performed by the Operator through contract or contracts with independent contractors. The Government shall have the right to enter and observe and inspect the work at all reasonable times, and the Operator shall provide the Government with all available means for doing so. The Government may consult with and advise the Operator on all phases of the work.

5. *Fixtures and improvements.* The Operator shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of the exploration project without any allowance for the use, rental value, depreciation, depletion, or other cost of acquiring, owning, or holding possession thereof. Attached hereto, marked "Exhibit 'B'," is a detailed list of additional facilities, buildings, and fixtures, to be purchased, installed, or erected by the Operator, with the estimated cost of each, to which the Government will contribute its agreed pro-rata share of the cost. The difference between the cost of such additional facilities, buildings, or fixtures, and the salvage value thereof at the conclusion of the work, shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

6. *Operating equipment.* Attached hereto, marked "Exhibit 'C'," is a detailed list of operating equipment divided into categories of items to be rented, purchased, or furnished by the Operator, with the allowable rental, purchase price, or rental value, as the case may be, annexed to each. As to equipment purchased for the project, the Government will contribute its agreed pro-rata share of the cost thereof, and the difference between the cost and the salvage value at the conclusion of the work shall be charged as a cost of the project to which the Government has contributed its pro-rata share.

[1] If sufficient space is not provided in any blank, use an extra sheet of paper and refer to it in the blank.
[2] State name, address, and nature of organization if any.
[3] Give legal description or enough to identify the property.
[4] Strike out the provision not applicable.
[5] Name of mineral.
[6] Not in excess of 2 years.

* Not to exceed one calendar year.

7. *Title to and disposition of property.* All facilities, buildings, fixtures, equipment, or other items costing more than $50 each, paid for or purchased with funds contributed jointly by the Operator and the Government, shall belong to the Operator and the Government jointly, in proportion to their respective contributions, and upon the termination of the contract, if they have any salvage value, shall be disposed of for their joint account unless the Government, in writing, waives its interest in any such items. The Government may require the dismantling, severance from land, and removal of any such items in order to realize its interest in the salvage value thereof, and the cost of any such removal and of the disposal of the items shall be for the joint account of the parties in proportion to their respective interests.

8. *Labor and supervision.* Attached hereto, marked "Exhibit 'D'," is an itemized schedule of labor, by numbers and classes (miners, muckers, millmen, etc.), and of supervisors, by numbers and positions, with the maximum wages or salaries that may be paid to each as an allowable cost of the project.

9. *Rehabilitation and repairs.* Attached hereto, marked "Exhibit 'E'," is a detailed schedule of existing facilities, buildings, installations, and fixtures, with a statement of the cost of any necessary rehabilitation or repairs to put into useful and operable condition, which cost shall be allowed as a cost of the project.

10. *Allowable costs of the project.* The allowable costs of the project in which the Government will participate are limited to the necessary, reasonable, direct costs of performing the exploration work, including the costs of materials, supplies, engineering, power, water, and utilities, including items of equipment costing less than $50 each; and the costs referred to in Articles 5, 6, 8, and 9, and the exhibits annexed to and referred to in the contract. Although the Government may pay part of the cost of new or additional facilities, structures, buildings, and equipment, only the depreciation on such items, computed as indicated in Articles 5 and 6, will be charged as a cost of the project. No items of general overhead, corporate management, interest, or any other indirect costs not expressly allowed by these regulations, or work performed or costs incurred before the date of this contract, shall be allowed as costs of the project in which the Government will participate.

11. *Participation by the Government.* At the end of the first full calendar month after the Operator has commenced work under the project, and at the end of each succeeding calendar month, the Operator shall submit to the Government a voucher for payment with a detailed statement of work done and allowable costs (as defined in Article 10 of this agreement) incurred, in a form and with supporting data acceptable to the Government. After approving the voucher, the Government shall pay to the Operator ---50--- percent of the sum of such costs incurred; *Provided,* That the aggregate total of all sums paid by the Government under this agreement shall not exceed $---10,141.50---, which is ---50--- percent of the agreed estimated total cost of this project, $---20,283.00---.

12. *Accounts and audits.* The Operator shall keep suitable records and accounts of operations, which the Government may inspect and audit at any time. The Government may at any time require an audit of the Operator's records and accounts by a certified public accountant, the cost thereof to be treated as a cost of the project. The Operator shall keep and preserve said records and accounts for at least 3 years after the completion of the project or the termination of this contract.

13. *Progress reports.* The Operator shall provide the Government with monthly reports of progress in form and content satisfactory to the Government, and upon the completion of the project or termination of the contract shall provide the Government with a comprehensive geologic and engineering report, including an estimate of ore reserves, to the best of his ability. Four copies of all reports shall be furnished to the Government.

14. *Repayment by Operator.* If, upon the completion of the exploration project or termination of the contract, the Government considers that a discovery or development has resulted from the work from which commercial production of ore may be made, the Government, within 6 months thereafter shall so certify to the Operator, particularly describing and delimiting its estimate of the discovery or the development. Thereafter, if and as ore is produced as a result of such discovery or development, the Operator and his successor in interest shall be and become obligated to pay to the Government a percentage royalty on the net smelter returns or other net proceeds realized from such ore, concentrates, or metal produced within ten (10) years from the date of this contract, until the total amount contributed by the Government, without interest, is fully repaid or said 10 years have elapsed, whichever occurs first, as follows:

Of net smelter returns or other net proceeds not in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent.

Of net smelter returns or other net proceeds in excess of eight dollars ($8.00) per ton of ore: One and one-half (1½) percent, plus one-half (½) percent additional for each full fifty cents ($0.50) in excess of eight dollars ($8.00) per ton of ore, but not in excess of a maximum of five (5) percent.

This obligation to repay from net returns or proceeds shall be and remain a claim and lien upon the property which is the subject of the exploration project and upon any production resulting from such discovery or development, in favor of the Government, until fully paid, or until said 10-year period has elapsed; and this claim and lien and the Government's right to repayment shall survive any termination of the contract, whether by completion of the exploration project or otherwise. This article is not to be construed as imposing any obligation on the Operator or his successor in interest to produce ore from any such discovery or development.

15. *No assignment of contract.* Without the written consent of the Government, the Operator shall not assign or otherwise transfer or hypothecate this contract or any rights thereunder.

16. *Termination and completion.* The Government may, at any time, by written notice to the Operator, terminate this contract: (*a*) If the Operator fails to provide his share of the money necessary to prosecute operations pursuant to the terms of the contract; (*b*) if the Operator, in the opinion of the Government, fails to prosecute operations pursuant to the terms of the contract; or (*c*) if in the opinion of the Government, operations up to the time of the notice have not indicated the probability of making any worthwhile discovery and in the opinion of the Government further operations are not justified. Upon the completion of the project or any termination of the contract the Operator shall render to the Government a full and final accounting of his operations under the contract and his expenditures of money; shall dispose of any unused materials, supplies, and equipment for the joint account of the Operator and the Government in the proportion of their respective interests; and shall pay to the Government its pro-rata share of any money remaining.

Executed in triplicate the day and year first above written.

Ambassador Miner Corp
(Operator)

By Dale Langhere Vice Pres.

THE UNITED STATES OF AMERICA

By ----------

U. S. GOVERNMENT PRINTING OFFICE 16—64066-1

Docket No.
Commodity: Lead-Zinc

Exhibit "A"

Description of the project and the work take performed at the Ambassador Mine, Loudere County, Montana.

Item	Description of Work	Amount

Continue the Lulu tunnel 200 feet so as to intersect the Hands vein and then drift 150 feet east and west along the Hands vein for a total of 300 feet. This will permit determination of width and grade of the Hands vein at depth. This will require 6 months time. The 350-foot diamond drill holes will be drilled to determine the extension in depth of the Lulu vein from a station to be cut 400 feet north of the Lulu vein. Drilling will start with drifting.

1.	Crosscutting and drifting on Lulu level 500 feet @ $25.00 per foot. Covers all costs not elsewhere itemized.	$12,500.00
2.	Cutting a station off the Lulu adit 400 feet north of the Lulu vein. Covers all costs not elsewhere itemized.	250.00
3.	Drilling underground one 350-foot diamond drill hole, on a bearing N. 50° W., dipping 25° from the station. Drilling one underground 350-foot diamond drill hole on a bearing of N. 68° W., dipping 23° from the station. 700 feet at $6.50 per foot.	4,550.00
4.	Assays of samples.	50.00
5.	Cost of operating equipment to be purchased by operator.	555.00
6.	Cost of fixtures to be purchased and installed by operator.	573.00
7.	Supervision and general overhead.	1,800.00
	Total	$20,283.00

Docket No.
Commodity: Lead-Zi

Exhibit "B"

Detailed list of additional facilities, buildings, and fixtures to be purchased, installed or erected by Operator.

Description	Amount
800 ft. of 12 pound track	$248.00
400 feet of 2-inch block pipe and 45¢/1 couplings	180.00
Rail spikes, plates, bolts, and nuts	150.00
	$578.00

Docket No.
Commodity: Lead-Zinc

Exhibit "C"

Detailed list of operating equipment to be rented, purchased, or furnished by the operator with the allowable rental, purchase price, or rental value.

Description	Cost	Rental Value
To be purchased:		
Ventilation pipe, 10", galvanized sheet	$350.00	
Air hose, 1", rubber; 50' at $1.00/ft.	50.00	
Drill steel, 1 1/8" round; 60' at $1.75/ft.	105.00	
Miscellaneous small tools	50.00	
	$555.00	

To be furnished by operator:	Estimated Value	Monthly Rental Value
One drifter with column, C.P. 50	$800.00	$ 25.00
One Gardner-Denver Mucking machine	2,800.00	100.00
One Universal Trackless Locomotive	2,000.00	75.00
Six mine cars @175.00	600.00	25.00
One cherry picker	200.00	10.00
One 2 H.P. water pump, air driven	350.00	10.00
One Schram 210 cu. ft. portable, gas driven compressor.	6,000.00	180.00
One 1,000 watt light plant	200.00	10.00
One ventilation fan, 5 H.P. gas motor	800.00	20.00

Docket No.
Commodity: Lead-Z

Exhibit "D"

Schedule of Labor

Number	Name of Position	Wage Rate
2	Miners	$12.50/day
1	Blacksmith, mechanic	12.00/day
1	Foreman	300.00/month

Overtime to be paid at the lawful rate.

Docket No.
Commodity: Lead-Zinc

Exhibit "E"

Detailed schedule of existing facilities, buildings, installations and fixtures on the Ambassador Property, Sanders County, Montana.

Item	Description	Quantity	Remarks
1.	Cabins near Lulu tunnel portal	2	Useable
2.	Blacksmith and compressor shed	1	Useable

No repairs are necessary.

Form MF-103
(April 1951)

U. S. DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Budget Bureau No. 42-R1035.
Approval expires 6-30-51.

APPLICATION FOR AID FOR AN EXPLORATION PROJECT PURSUANT TO MINERAL ORDER 5, UNDER DEFENSE PRODUCTION ACT OF 1950

DO NOT FILL IN THIS BLOCK

Docket No. dma 1593X

Date received 6-5-51

Participation

AMBASSADOR MINES CORPORATION
416 Empire State Building
Spokane 8, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 5 - 1951
LANDON F. STROBEL
Executive Secretary

Name and address of applicant

Date May 31, 1951

FILL IN THIS BLOCK

Date of application May 31, 1951

Estimated cost $21,000.00

Mineral or metal Lead, zinc, copper

Percentage of Government participation 50%

Location of mine Sanders County, Montana

Date of filing MF-100 May 31, 1951

DMA Docket Number, if available Not available

INSTRUCTIONS

Read Mineral Order 5, Regulations Governing Government Aid in Defense Projects, before completing this application. Submit four signed copies of the application to Defense Minerals Administration, Department of the Interior, Washington 25, D. C., or to the nearest field executive officer thereof, with your name and address on each sheet of the application and all accompanying papers. If any question is inapplicable, or if you cannot answer it, so state on the form. Where the space provided for answer is insufficient, answer on a separate sheet, annex it to the application form, and refer to it in space for answer. If the application is approved, you will be presented with an exploration project contract on Form MF-200, for your signature.

THE APPLICANT

*1. Is applicant an individual, partnership, or corporation?
*2. If a partnership, state names and addresses of partners.
*3. If a corporation, state names and addresses of officers, directors, and five largest stockholders.
*4. Describe the mining and general business experience of (*a*) the applicant, and (*b*) the person or persons who will manage the project.
*5. Are you the owner or the lessee of the property?
6. If owner, state what claims, liens, or encumbrances, if any, are against the property.
7. If lessee, attach a copy of the lease and state if it is in good standing.

NOTE.—It will be necessary to procure and attach to the exploration project contract agreements of claimants, lienors, encumbrances and lessors subordinating their interests in the property to the interest of the Government under the contract.

8. Furnish current financial statement, showing assets and liabilities, and a profit and loss statement.
9. How much money is applicant prepared to invest in proposed project? Is it sufficient to pay your part of the cost of the project as detailed in question 23 of this application form, in accordance with the regulations on Government participation (Section 9 of Mineral Order 5)?

*If you have already answered these questions on MF-100, you are not required to answer the questions for this application.

16—64067-1

THE PROPERTY

10. (*a*) Give a description of the real property that will be in any way involved in the exploration project, including any existing mine or operating property.
    (*b*) Give the legal description of the exact parcel, plot, or area upon which the exploration is to be conducted.

    NOTE.—If both areas are the same, so state. The only obligation to repay the Government is from the net earnings from any commercial discovery made in the area specified in (*b*) above in which the exploration is to be conducted, and the expenditure of funds which may be charged as costs of the project must be limited to that area or to work necessary to perform the exploration in that area.

*11. State the present and former names of the property, if any.

*12. State, in detail, the location of the property with reference to towns, railroads, roads, shipping points, including distances and directions and kinds and conditions of roads.

*13. State source and quantity of water available for operations and its sufficiency at all seasons.
State amount of power to be used, rate per hour or other cost, and source.

*14. Describe any existing useable facilities, equipment, buildings, or structure now on the property that will be devoted to the exploration work.

15. State in detail how the ore could be shipped and how and where milled.

*16. History:
    (*a*) Give a statement, as complete as possible, of previous exploration, development, operation, and production of property, with reasons for any past suspensions of operations.
    (*b*) State briefly the known history and production of adjoining and neighboring properties.
    (*c*) Furnish any available (private) reports that may apply to this application, including results of mine examinations, recommended exploration and development, and metallurgical investigations.

*17. Production:
    (*a*) If mine is in production, furnish the following information:

	Tons per day	*Grade or analysis*	*Cost per ton*	*Net value per ton*
(1) Mining				
(2) Milling				
(3) Shipped or sold				

*18. Ore or mineral reserves: (If property is or has been operating.)
    (*a*) Describe the ore or mineral deposits briefly.
    (*b*) Submit available maps and assay data.
    (*c*) Give estimated tonnage and grade of each class of ore reserves.

19. State any conditions or circumstances regarding the property not sufficiently brought out by the foregoing questions.

THE EXPLORATION

20. For what mineral or minerals and for what types of deposits and ores will the exploration be conducted?

21. Describe briefly, but concisely, the proposed work and the estimated time required to complete it.

    NOTE.—The Government will not participate in a project that will require more than 2 years to complete.

22. Furnish statement of the geological basis of the project with particular emphasis on factors leading the operator to expect the finding of commercial ore bodies. This statement should be accompanied by supporting maps such as geological maps, maps of the proposed openings and assay maps, sample lists, and other pertinent data.

THE REQUIREMENTS AND COSTS

23. Tabulate in the form of an itemized statement with a sum for each item the estimated requirements and costs of the project so that the total will give the estimated cost of the project in which the Government will participate, as follows:
    (*a*) Labor, by numbers and classes (miners, muckers, millmen, etc.), with wages of each.
    (*b*) Supervisors, by numbers and positions, with salaries of each.
    (*c*) Cost of necessary repairs to existing facilities, structures, and buildings.
    (*d*) Cost of necessary installation or construction of additional facilities, structures, and buildings.
    (*e*) Cost of items of equipment, not now owned by the applicant which must be purchased for operations at a cost of $50 or more each.
    (*f*) Cost of rental for equipment which the operator proposes to rent.
    (*g*) Rental value of items of equipment which the operator now owns and which will be devoted to the work.
    (*h*) Cost of materials and supplies, including items of equipment costing less than $50 each.
    (*i*) Cost of power, water, utilities, and any other items not provided for above.

24. Furnish a time schedule of the project, stated in terms of months after project is approved, showing progress expected to be accomplished and the money expected to be spent.

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this form and accompanying papers is correct and complete to the best of their knowledge and belief.

AMBASSADOR MINES CORPORATION
(Name of company)

By Dale Tanghere
(Signature of authorized official)

May 31, 1951
(Date)

Vice president
(Title)

Title 18, U. S. Code (Crimes), Section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

*Same as footnote on page 1.

16—64067-1 U. S. GOVERNMENT PRINTING OFFICE

MF-103

AMBASSADOR MINES CORPORATION
416 Empire State Bldg.
Spokane 8, Washington.

APPLICATION FOR AID FOR AN
EXPLORATION PROJECT PURSUANT TO
MINERAL ORDER 5, UNDER
DEFENSE PRODUCTION ACT OF 1950

1. See MF-100

2. Not applicable

3. See MF-100

4. See MF-100

5. See MF-100

6. Property is operated under lease from Ambassador Mining Company, which lease has been assigned to Sunny Peak Mining Company

7. Copy of lease is attached. Inasmuch as it is payable out of production, it is in good standing.

8. Financial statement as of April 30, 1951 attached. No profit or loss atatement as all costs of operation are charged to Development or Exploration.

9. Applicant is prepared to invest $10,500.00 which is sufficient to pay 50% of the estimated cost of exploration program.

10. No property involved except the mining claims which are held under the U. S. Mining Laws and the mining laws of the State of Montana.

    (b) See map accompanying application.

11. See MF-100

12. See MF-100

13. See MF-100

14. See MF-100

15. Mill on property should be equipped so ore could be milled on property. Concentrates could be loaded on cars at Trout Creek Montana, and shipped to East Helena, or Bunker Hill Smelter at Kellogg, Idaho.

16. See MF-100

17. See MF-100 Not in production

18. Not in production - no reserves

19. None

MF-103

AMBASSADOR MINES CORPORATION
416 Empire State Bldg.,
Spokane 8, Washington

APPLICATION FOR AID FOR AN
EXPLORATION PROJECT PURSUANT TO
MINERAL ORDER 5, UNDER
DEFENSE PRODUCTION ACT OF 1950.

THE EXPLORATION.

20. Primarily lead, zinc and copper.

21. It is planned to continue the advance in the Lulu tunnel for another 100 feet. This should intersect the Wanda Vein as indicated by surface showing. We would then drift on this vein 200 to 400 feet to develop sufficient ore reserves to run a mill continuously. If we fail to locate this vein, we would then want to diamond drill on the Delonia and Lulu veins from our present tunnel level, expecting that one or both will show commercial ore with more depth. We would also plan to do some surface exploration by bulldozing.

22. See report of Cecil G. Fennell, attached to MF-100. Geological and assay maps not available.

THE REQUIREMENTS AND COSTS.

23.	(a) Labor - 150 days, three miners at $12.50			$5 625 00
	(b) Supervisor - 6 months at $400.00 per month			2 400 00
	(c) None			
	(d) None			
	(e) One wood saw for framing timbers			500 00
	(f) None			
	(g) Rental value of equipment now owned			
	1 Schram portable gas driven compressor	$200.	$1 200 00	
	1 C.P. compressor with Deisel power unit	150.	900 00	
	2 I. R. D A 35 Drifters each	60.	720 00	
	1 C. P. 50 drifter	60.	360 00	
	1 C. P. 43 Stoper	50.	300 00	
	1 C. P. 42 Jackhammer	10.	60 00	
	1 Gardner Denver Mucking Machine	100.	600 00	
	1 Universal Tramaire Locomotive	75.	450 00	
	6 Mine cars each $15	90.	540 00	
	1 4-wheel drive truck	25.	150 00	
	1 Cherry picker	10.	60 00	
	1 1000 Watt Lignt Plant	10.	60 00	5 400 00
	(h) Powder and caps		1 250 00	
	Rails, pipe and fittings		700 00	
	Hose		100 00	
	Bits and steel		1 000 00	3 050 00
	(i) Gasoline		1 000 00	
	Deisel oil		425 00	
	Lubricating oil		100 00	
	Road maintenance and snow plowing		500 00	
	Overhaul of Deisel power unit, repairs to equipment and miscellaneous expenses		2 000 00	4 025 00
				$21 000 00

If we do not intersect the Wanda Vein as expected, within 100 feet, it is Mr. Fennell's opinion we should do some drifting at a point about 1 400 feet from the portal at what seemed to be a vein structure. This work should be completed by August 1st, at a cost not to exceed $5,000.00

A program of diamond drilling to properly explore the Delonia and Lulu veins would probably cost $10,000 and should be completed with six months. At the same time we think some very important work could be done by bulldozing the surface. This would involve some road building and would probably cost around $6,000.00

(24) It is estimated that this project could be completed in approximately six months.

Drift to intersect Wanda Vein	6 weeks	$4 500.00
Exploration of Wanda Vein	2 months	6 750.00

If ore is encountered in Wanda Vein, alternative program of diamond drilling is not necessary.

Road building to surface outcrop and bulldozing could be carried on simultaneously, but early attention will be given to first exploration program.

AMBASSADOR MINES CORPORATION
FINANCIAL STATEMENT

April 30, 1951

A S S E T S

Fixed Assets			
Camp Buildings		$ 2 400 00	
Mill Building		3 250 00	
Camp Equipment		341 09	
Mining Equipment		20 799 11	
Roads		1 497 32	
Land and claims		234 102 89	
		262 390 41	
Development & Deferred charges		94 116 58	
Exploration		20 981 79	$377 488 78
Current Assets			
Cash on hand and in bank		4 588 86	
Accounts Receivable		671 04	
Due from subscribers		2 480 00	7 739 90
Other Assets			
Insurance Deposit			200 00
TOTAL ASSETS			385 428 68

LIABILITIES, CAPITAL AND SURPLUS

Current Liabilities			
Accounts Payable		11 13	
Notes Payable		1 000 00	
Due officers & directors		2 056 25	
Taxes Payable (withholding)		4 65	
Subscriptions		2 770 00	5 842 03
Contingent Liabilities			
Allocated Stock (at par)		833 40	
Production Notes		5 700 00	
Land contract		99 877 46	106 410 86
Reserves			
Managers Expense		110 38	
Surplus Allocated Stock		416 60	
Accrued Taxes		42 30	569 28
Capital		200 000 00	
In Treasury	1 199 60		
Unissued	45 068 00	46 267 60	
Outstanding		153 732 40	
Paid In Surplus		118 874 11	
Capital and surplus			272 606 51
TOTAL LIABILITIES CAPITAL AND SURPLUS			385 428 68

Assigned 11/17/48
Vol. 2 Leases, Page 123

Assigned 9-6-46
Vol 2 of Leases P 94

Assigned 4/23/49
Vol 2 Leases P 132

COMPARED

No. 66954

This indenture made and entered into, in triplicate, this 30th day of June, 1936, by and between the Ambassador Mining Company, a corporation, organized in 1929 under the laws of the State of Montana, having its head office at Trout Creek, Montana, party of the first part, as lessor and optioner, and John A. Walker of Spokane, Washington, party of the second part, as lessee or tenant and optionee;

WITNESSETH: That the said lessor, for and in consideration of the payments royalties, covenants and agreements hereinafter reserved, and by said lessee and optionee to be paid, kept and performed, hath granted, demised and let and by these presents doth grant, demise and let unto the said lessee all of the following described lode mining claims and property, together with all the appurtenances thereunto belonging, to-wit:

The Dema; West Wanda; Wanda Extension; Wanda; Josephine, Florence; Clara; West Delonia; Delonia; Lulu No. 3; Alma; Rena; Della; Placer Cabin; Tunnel Site; Hazel; Lulu No. 1; Lulu No. 2; Perry; Roy Junior; all of said claims lying and being in unorganized mining district on Granite Creek, a tributary of the East Fork of Trout Creek, and in Sections 3-4-9 & 10, Tp. 23N., R. 32 W.M.P.M. Sanders County, State of Montana, as the same have been located, staked, posted and recorded:

Each one of the said above mentioned mining claims being more particularly and definitely described in each one of the respective certificates of location thereof which were duly filed for record and ever since said filing have been a matter of record in the office of the Clerk and Recorder in and for the County of Sanders and State of Montana as aforesaid, reference to which filing and record is hereby made.

And it is understood and agreed that all and any ore mined and/or on the surface or under ground is covered and included by and under the terms of this lease and option.

To have and to hold unto the said lessee and optionee, subject to the terms and provisions of this indenture of lease and option, for a continuous and indefinite period of time and until one hundred thousand dollars ($100,000.00) has been paid as the full purchase price, but with the understanding and guarantee that unless the royalties herein provided to be paid shall have amounted to Ten Thousand Dollars ($10,000.00) within the period and before the expiration of three years from and after the date hereof any deficit in amount of royalties so paid shall be otherwise provided and paid, as aforesaid, all of which is to be credited on said purchase price.

And in consideration of such demise, the said lessee and tenant doth hereby covenant and agree with the said lessor as follows, to-wit:

1. To enter upon said mining claims and premises, and to work the same in miner-like fashion, and in manner necessary to good and economical mining so as to take out the greatest amount of ore possible with due regard to the development and preservation of the same as a workable mine, and to the special covenants hereinafter reserved.

2. To work and mine said premises, as aforesaid, beginning immediately, (being already in possession under temporary agreement) and to have averaged, at least twelve hundred (1200) shifts at the end of each year while this agreement is in force and effect, and to keep said property posted against labor and material liens of all kinds when so requested in writing by lessor.

3. To well and sufficiently timber said mine, at all points where needed, in accordance with good mining practice and in compliance with any laws governing the same, either State or Federal.

4. To allow said lessor and its authorized agents, from time to time, to enter upon and into all parts of the said mine and property for purposes of inspection, only.

5. To keep at all times, the drifts, shafts, tunnels and other workings thoroughly drained of water and clear of loose rock and rubbish, unless prevented by extraordinary mining casualty.

6. To do all stoping, sinking and drifting in minerlike fashion and according to law and custom.

7. To pay said lessor, as royalties, to be applied and credited on purchase price, ten percent (10%) of the net smelter returns after first deducting the transportation costs of moving the ore and/or concentrates from the said mining claims and property to a smelter, plus all treatment and smelter charges, and costs on all ore mined, or to be mined, extracted and handled from said premises and leaving with such smelter the percentage of smelter returns, as aforesaid, for delivery and payment to the said lessor, during the life and continuance of this lease.

8. To deliver to said lessor the said premises with the appurtenances and all permanent improvements, in good order and condition, with all drifts, shafts, tunnels and other passages thoroughly clear of loose rock and rubbish, and drained and the mine ready for immediate continued working (accidents not arising from negligence alone excusing) within ninety (90) days from and after forfeiture has been completely and definitely established against the lessee for and on account of failure to fulfil his obligations hereunder.

And in all cases where there is any claimed default or violation of the terms of this indenture notice thereof in writing, specifically setting forth in detail the same, shall be mailed to said party of the second part, at his known post office address, postage prepaid, and sent by U. S. Registered mail and signed receipt demanded. And it is hereby specifically agreed that said party of the second part shall, thereupon, be entitled to have and shall be given six (6) months time from and after the receipt of any such notice in which to correct any such claimed defect, or violation, of any of the terms and provisions hereof and when said corrections have been made (within said six month period) said second party shall be restored to as good standing hereunder as if nothing of the kind had ever happened.

And it is hereby represented that said mining claims and appurtenances are all free and clear of all and any liens or encumbrances of whatsoever name or nature: and the titles to each and every claim under proper location, posting and recording clear and in good standing according to Government and State laws and regulations applying thereto.

B O N D A N D O P T I O N

And in consideration of the acceptance of the foregoing lease and the expenditures to be made thereunder, and the well and faithful keeping of the covenants thereof, the said lessee shall have, and he is hereby given and granted the right and option to purchase the said demised premises by the payment of the sum of, as full purchase price, One Hundred Thousand Dollars ($100,000.00); ten thousand dollars ($10,000.00) of which is to be paid either in royalties, or otherwise and if the royalties shall have amounted to, at least, that much the said payment shall be credited on the purchase price as having been fully paid in royalties and if the royalties have not amounted to as much as ten thousand dollars ($10,000.00) within three years from and after the date hereof, the difference shall be provided and paid by lessee and optionee before the expiration of said three year period from and after the date hereof; and the balance of ninety thousand dollars ($90,000.00) shall be paid in the royalties as hereinbefore set forth, as and when the same are earned.

It is also understood and agreed that the Ambassador Mining Company, party of the first part, will for an expressed consideration of One Dollar ($1.00) and other good and valuable considerations, make execute and deliver a good and sufficient mining deed conveying said mining claims to said John A. Walker, party of the second part, or his nominees, said deed to be furnished and escrowed in First State Bank at Thompson Falls, Montana; to be agreed upon; and in event he does not elect to name grantee it shall be left blank to be written into said deed as requested and directed by lessee and optionee or his assignees and/or personal representatives when the said purchase price has been fully paid into said escrow holder wherein and to whom all payments herein provided shall be made.

Said escrow holder shall deliver said deed, only, when purchase price has been paid in full and receipts given therefor, as and when paid, and final settlement has taken place; otherwise and in case of forfeiture said deed shall be returned to first party by escrow holder, and it is agreed escrow holder is hereby empowered to complete the business and surrender all papers involved and in its hands, and shall give final receipt or receipts, in full, to said lessee and optionee, his assigns and/or personal representatives, including said deed when second party has fulfilled all of his obligations hereunder.

The forfeiture, surrender or determination of the above and foregoing lease for any cause shall render this option void; and in that event any remainder of the above mentioned payment may not, thereafter, be tendered, and all previous payments that have been made to lessor, if any, shall become forfeited to said lessor and optionor as and for liquidated.damages.

It is further understood and agreed that said lessee and optionee shall conduct the operations and business, hereunder, according to prevailing laws and customs; and that they shall file the necessary proof of assessment work to protect the title to said claims, unless the annual assessment is annulled by Act of Congress in which case necessary proof of intention to hold shall be filed legally to protect the titles thereunder.

It is specifically agreed that this lease and option may be assigned by party of second part to a corporation now in process of organization.

It is further understood and agreed that this Indenture of Lease and Option is intended to take the place of and shall (in all respects when completely executed and delivered), supercede in all things that certain writing and agreement of January 4, 1946, given to said party of the second part.

It is expressly stipulated and agreed that each and every clause and covenant of this Indenture of Lease and Option shall extend to and be binding upon the lawful assignees and/or personal representatives of the parties executing these presents.

In Witness Whereof the Ambassador Mining Company, party of the first part, has hereunto executed these presents by its Vice President and its Secretary, and its Corporate Seal,respectively, pursuant to a resolution unanimously passed by the stockholders at a meeting held in the company's office at Trout Creek, Montana, on June 16, 1936, and the party of the second part has hereunto affixed his signature, on the day and year in this indenture first above written.

In the presence of

N. T. Hurt

G. F. Davis

AMBASSADOR MINING COMPANY

BY Roy E. Webb
As Its Vice President.

ATTEST:

Jay B. Townsley
Secretary.

(CORPORATE SEAL)

John A. Walker
Party of Second Part

STATE OF MONTANA)
COUNTY OF SANDERS) SS.

On this 30 day of June, 1936, before me, a Notary Public in and for the State of Montana, personally appeared Roy E. Webb and Jay B. Townsley, to me personally known to be the Vice President and the Secretary, respectively, of the Ambassador Mining Company, a Montana Corporation, which executed the above and foregoing instrument and acknowledged to me that the said corporation executed the same pursuant to the action taken by the Board of Directors and ratified by the stockholders in a meeting duly called for that purpose on June 16th, 1936.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal on the day and year in this certificate first above written.

N. I. Hurt
Notary Public in and for the State of Montana,
residing at Trout Creek, Montana.
My commission expires Dec. 18, 1937.

(NOTARIAL SEAL)

STATE OF MONTANA)
COUNTY OF SANDERS) SS.

On this 30 day of June, 1936, before me a Notary Public, in and for the State of Montana, personally appeared John A. Walker, to me known to be the person whose name is subscribed to the above and foregoing instrument and acknowledged to me that he executed

the same freely and voluntarily.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal on the day and year in this certificate first above written.

N. I. Hurt
Notary Public in and for the State of Montana,
residing at Trout Creek, Montana.
My commission expires Dec. 18, 1937

(NOTARIAL SEAL)

For and in consideration of One Dollar ($1.00), receipt and sufficiency of which is hereby duly acknowledged, and other good and valuable considerations, I, John A. Walker, lessee and optionee named in the foregoing and within lease and option, do by these presents and this instrument of assignement, hereby assign all my rights and interests therein and thereunder, as well as the said lease and option to the AMBASSADOR MINES CORPORATION, a corporation, organized under the laws of the State of Washington.

John A. Walker

June 30, 1938

Pursuant to notice mailed all stockholders of the Ambassador Mining Company Meeting of the said company was called to order at the office of the Secretary in Trout Creek, Montana. As per notice mailed the stockholders, the purpose of the meeting was to consider an amendment of the lease and bond given to John A. Walker on June 30, 1936, and by the said John A. Walker assigned to the Ambassador Mines Corporation.

Inasmuch, as insufficient stock was represented by person and proxy, motion was made by E. J. Reeves and seconded by H. J. Townsley that the meeting be adjourned until July 16, 1938.

Roy E. Webb Vice-President

Jay B. Townsley Secretary

SEAL:

July 16, 1938

The adjourned meeting of the stockholders of the Ambassador Mining Company was called to order at the office of the Secretary in Trout Creek, Montana.

Inasmuch, as insufficient stock was represented by person and by proxy, the meeting was again adjourned until July 30, 1938.

SEAL:

Hugh B. Townsley Act. Chm.

(CORPORATE SEAL)

J. B. Townsley Secretary

July 30, 1938

The adjourned meeting of the stockholders of the Ambassador Mining Company was called to order at the office of the Secretary in Trout Creek, Montana.

Seventy-five percent of the stock being represented by person and by proxy, the stockholders unanimously adopted the following resolutions:

Resolution No. 1:

Be it resolved that the terms of the existing lease and bond given to John A. Walker dated June 30, 1936 on the AMBASSADOR MINE at Trout Creek, Sanders County, Montana, by the AMBASSADOR MINING COMPANY, a Montana Corporation, and by the said John A. Walker assigned to the AMBASSADOR MINES CORPORATION, a Washington State Corporation, be and the same is hereby altered and amended in that the Ten Thousand Dollars ($10,000.00) cash payment therein specified and set forth and required to be paid on June 30, 1939, be and the same is hereby extended for a

further period of two years making it payable at its new maturity on the 30th day of June, 1941.

The above resolution was regularly offered and supported and unanimously adopted.

Resolution No. 2:

Be it resolved that the existing lease and bond of date June 30, 1936, that was issued to John A. Walker by the AMBASSADOR MINING COMPANY, a Montana Corporation, and by the said John A. Walker assigned to the AMBASSADOR MINES CORPORATION, a Washington State Corporation, be altered and amended in that the requirement to perform at least twelve hundred shifts of work per annum be abrogated and annulled; and that there be substituted therefor and in its place and stead, and in lieu thereof, the provision that the said AMBASSADOR MINES CORPORATION shall be henceforth obligated only to perform enough annual assessment, each year on all the claims described in the said lease and bond, or on enough of them to protect the title to all of them as long as the said lease and bond remains in force and effect.

The above resolution was regularly offered and supported and after discussion and deliberation it was unanimously passed.

No other business coming before the Company, motion was made by J. B. Townsley and seconded by E. J. Reeves that the meeting be adjourned.

HUGH B. TOWNSLEY Act. Chm.

SEAL:
(CORPORATE SEAL)

JAY BE. TOWNSLEY Secretary

EXTENSION AGREEMENT

1. THIS AGREEMENT, Made in triplicate, this 30 day of Dec., 1939, by and between the AMBASSADOR MINING COMPANY, a corporation organized under the laws of the State of Montana, party of the first part, and the AMBASSADOR MINES CORPORATION, a Washington corporation, qualified to transact business within the State of Montana, party of the second part, WITNESSETH:

2. THAT WHEREAS, the first party on the 30th day of June, 1936, entered into a mining Bond and Lease with one John A. Walker, for the sale to said John A. Walker of certain mining property situated in an unorganized mining district, on Granite Creek, Sanders County, State of Montana; and

3. WHEREAS, said John A. Walker has transferred and assigned said contract to the party of the second part; and

4. WHEREAS; first party, under date of July 30th, 1938, at a special meeting of its stockholders, modified said contract, and amended the same, providing that the Ten Thousand ($10,000.00) Dollar cash payment mentioned in said contract due on June 30th, 1939, was and is extended to the 30th day of June, 1941; and

5. WHEREAS, it is the desire of first party to further modify said contract, so as to give second party a better opportunity to develop said mine;

6. IT IS THEREFORE AGREED that said party of the first part does hereby consent and agree to the amendment of said contract, as follows: That the Ten Thousand ($10,000.00) Dollar payment, or any part thereof, due on said 30th day of June, 1941, which at that time may remain unpaid, be and is hereby extended, and made payable as follows: That the royalty payable under said original contract be increased from ten per cent (10%) to fifteen per cent (15%) of the net smelter returns on all ores shipped from said property from and after said 30th day of June, 1941, and that the said increase of five per cent (5%) be applied in payment of said $10,000.00, or any balance thereof remaining unpaid, on and after said date, until said balance is fully discharged; that, in addition to said payment of said principal sum $10,000.00, or any part thereof then remaining unpaid, the Ambassador Mines Corporation shall pay interest at the rate of ten per cent per annum on said balance, or balances, and that said five percent payments as made, shall apply, first, in the discharge of interest, and the remainder thereof to apply on principal, until said sum of $10,000.00, or any part

remaining unpaid on said 30th day of June, 1941, together with interest, as aforesaid, is fully paid and discharged.

7. DELETED.

8. IT IS UNDERSTOOD AND AGREED that said Lease and Contract hereinbefore mentioned shall remain in full force and effect in all other particulars, and that the same is modified only in respect to the payment of said Ten Thousand ($10,000.00) Dollar cash installment, hereinbefore mentionned.

Dated at Trout Creek, Montana, this 30 day of Dec., 1939.

WITNESSES:

Chas. Becher

_____

AMBASSADOR MINING COMPANY,
By Roy E. Webb
Its Vice-President

ATTEST: E. J. Reeves
Secretary Pro tem.

WITNESSES:

E. P. Sargeant

_____

AMBASSADOR MINES CORPORATION,

By Howard Ransom
Its President

ATTEST: _____
Secretary

Filed for record on the 28th day of September A. D., 1946 at 9:05 o'clock A.M., and recorded in Volume 2 of Leases on page 85.

Fee $5.30

Cecilia M. Krier, County Recorder

COUNTY OF SANDERS)
STATE OF MONTANA) SS.

I, Dorothy Dodson, County Clerk and Recorder, in and for said County and State, hereby certify that the above and foregoing is a true, afull and correct copy of a Lease by and between the Ambassador Mining Company, and John A. Walker, filed for record this 28th day of September, A.D. 1946 at 9:05 A.M., and recorded in Volume 2 of Leases on page 85.

IN WITNESS WHEREOF, I hereunto set my hand and affix the seal of said County this 16th day of January, A.D. 1950.

SEAL

/s/ Dorothy Dodson
County Clerk and Recorder

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

No. 157 Howard Street
Spokane 4, Washington

June 28, 1951

Air Mail

Mr. Otto Herres
Chief, Lead-Zinc Branch
Defense Minerals Administration
Washington 25, D. C.

Dear Mr. Herres:

I had a phone call from the Ambassador Mines people, Saunders County, Montana, stating that they had received an air-mail letter from you requesting they send you a copy of a report by Fennell.

I find that we have a copy of this report in our file; presumably we forgot to send it with the applications and contract which we sent in on June 22. This is enclosed herewith.

I doubt if you will find the Fennell report too informative. All I can add is that the Wanda vein where exposed on the hill above the Lulu adit is narrow but well mineralized. I doubt that I would have recommended the long crosscut that the applicants have driven. However, only a small expenditure is required to reach the point where the Wanda vein should intersect the Lulu adit and this does not seem too wild a proposal, although it is a long projection from the surface. Some stoping was done on the Lulu vein; the proposed drilling seems fairly reasonable.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 2 1951
LANDON F. SINGER
Executive Secretary

P.S. We do not have the docket number.

cc: U.S.B.M., Spokane
Enclosure

COPY

REPORT

on, and

APPRAISAL OF THE VALUE

of

THE AMBASSADOR GOLD MINE
Situated in

Sanders County, Montana

Property of

AMBASSADOR MINES CORPORATION

Spokane Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 2 1951
LANDON F. STRUBEL
Executive Secretary

DEPARTME
Defense
JUL 2
LANDON
Executive Sec

Cecil G. Fennell
Spokane Washington

INDEX

	Page
Index	1.
Letter of Transmittal	2.3.
Purpose of Report	4.
Title	4.
History	4.
Location	5.
Geology	6.7.
Structure	8.9.
Genesis of Ore Deposits	10.11.
Mineralization	12.
Development. Underground	13.14.15.
Development. Surface. Subsurface	16.17.18.
Costs	19.20.21.
Profits	22.
Conclusions	23.24.25.
Recommendations	26.27.28.29.30.31.32.

ADDENDA

A. Key to Sampling . . . . . A.
B. Appraisal . . . . . B.
C. Map by J. H. Zahner of surface . . . . . C.
D. Map by R. D. Small, 1939, of Lulu Tunnel, Main workings and Sampling. . . . . D.
E. Map by J. H. Zahner, 1930, Proposed Dry Gulch Permanent Plant & Tunnel Site . . . . . E.
F. Report by Meredith Jocelyn 1937 . . . . . F.
G. Report by C. L. Butler . . . . . G.
H. Brief Report by Charles H. Goodsell, 1937 . . . . . H.

Addenda C. D. & E.—maps—are bound in separate cover.

I. Dry Gulch Plant . . . . . I.
J. Report by V. D. Emmett, 1940 . . . . . J.

COPY

CECIL G. FENNELL
South 521 Cedar Street
Phone Riv. 0498
Spokane Washington

January 5, 1945

Dear Sir:

I hand you herewith report on and appraisal of the value of the Ambassador Gold Mine located in Sanders County, Montana.

This report is for your own and intimate associates' information and, if you see fit, guidance. It is not otherwise for use or publication. It would involve me adversely with my Eastern connections and interests, resulting in possible personal loss, were the report to be otherwise treated.

In late September and early October last I made two visits to the Ambassador, spending seven days thereon, with the view of making an examination, and based thereon an appraisal of its value and warrant for an investment therein by yourself and associates. In Addendum B you will find the appraisal.

It is difficult to arrive at a fair, to the mine and the investor, basis for an appraisal. The Ambassador, similarly to many undeveloped small but promising mines, gives reliable evidence of becoming, with a comparatively small capital investment, satisfactorily productive at a good to high profit. However, with a small tonnage of measurable ore in sight in the Lulu vein and the other five veins only developed at the surface, there are many factors of uncertainty. It is hard to attach a monetary value thereto.

It is the volume of potential tonnage of ore of comparatively low, medium or high value that establishes the size and thus value of such a property.

In the report is set forth the data and evidences upon which is based the opinion that the further development of the Ambassador may demonstrate that such tonnages, values and profits exist.

It should be understood, however, that there is no positive assurance of the latter. Such assurance can only be gained by actual development. Nature, in mines as in human affairs, occasionally fails "to run

true to form" notwithstanding, (as is the case in the Ambassador), that the geological and mineralogical indices as well as the actual existing development point to the contrary.

Understanding that you desire to supply a number of those with whom you are associated with copies of the report, I have had it mimeographed, which entails less work than is involved in typing many copies.

For ready reference for the busy reader, and for information on specific details, an Indix is attached.

I would like to tender my thanks and appreciation to Mr. C. L. Butler, geologist, and several others who greatly aided by their presence and assistance in the work on the ground, and to Messrs. Howard Ransome and John A. Walker who obtained and supplied a number of reports, maps and other records, which have been of assistance in arriving at correct and reliable conclusions, and in the furtherance of the work in the field and otherwise.

Though I have not met Mr. J. H. Zahner, I desire to express the great help derived from his excellent comprehensive survey of the property and detailed mapping of almost every salient surface feature.

This detailed mapping of the property saved several days in the examination of the surface. I checked same closely on the ground, both as regards strikes, dips and numerous elevations given. Though I used a Brunton compass and triped with other field instruments, Mr. Zahner's was made with a transit and possibly by leveling--though as to the latter I am not aware--I found the accuracy in so far as field instruments would check same, beyond question of doubt.

Very truly yours,

CECIL G. FENNELL

PURPOSE OF REPORT

As stated in the letter of Transmittal, I understand it is your desire that I examine the Ambassador property and advise as to the warrant for a larger or smaller investment therein by yourself and associates, and that I should give you an appraisal of its value.

The examination was primarily made and report compiled with these objectives in mind; thus it deals more particularly with the economic and commercial considerations involved than with the purely technical; except that as regards the latter, sufficient data is given to support the conclusions and recommendations with which this terminates.

A number of reports on and maps of the Ambassador are extant, some of them accurate and good, and parts of one or two apparently not so accurate. The former were carefully verified both on the ground and from off-ground research. Copies of these reports and maps, as set forth in the Index, can be supplied.

TITLE

These were not investigated, but as none of this group of mining claims are patented, investigation should be made as to the annual assessment work having been performed and recorded, or in place there of that exemptions under Dept. of the [redacted] rulings of the last five years have been taken and [redacted] in place thereof.

HISTORY

These claims were originally located about 1920 and abandoned a few years later. Most of the claims were relocated in July, 1928 by C. L. Butler, Roy Webb. and J. and Hugh Townsley. Several additional claims were located in 1928.

Relocation and discovery work was performed and filed in 1928-29.

The development of the property was started in 1929 by Hugh Townsley.

The widespread forest fire of 1910 destroyed practically all of the timber in this region, but the second growth timber and some tamarack which escaped the fire are sufficient for mine timbers and other purposes.

LOCATION

The Ambassador Mine is located near the head waters of Granite Creek, in Township 23 N. Range 32 W., in Sanders County, Montana, it being situated eleva miles Southwest of the small community known as Trout Creek, Montana.

The property consists of 29 mining claims, of which 21 were examined. The 8 claims located to the Soutwest of Granite Creek were not examined. These 8 claims are the least developed of the group.

A comparatively level road, with only two or three steep pitches occurring at its upper end within a mile of the Lulu camp, has been built, some of it excavated out of solid rock. At this date the road is out of repair, but can, with the expenditure of a few hundred dollars, be placed in good condition. The road in its last six miles follows Trout Creek and then Granite Creek, which two miles from the camp flows into Trout Creek.

A railroad station of the Northern Pacific Railroad is located at Trout Creek, Montana, which would be the shipping point for the property.

From the camp to the railroad station the grade is downward, which favors low cost transportation of concentrates, or high grade shipping ore.

For additional details of location and information of a geographical and physical nature reference is made to the maps made from surveys by J. H. Zahner in 1930, as indicated in addenda C, D & E.

GEOLOGY

The correct determination of the geology and ore genesis is of first importance in judging of the warrant for the acquisition and operation of any mining property and in its bearing on an appraisal of the value of a mine.

The principal regional measures found in the Ambassador terrane are Pre-Cambrian metamorphics: particularly the Burke and Revette quartzites. The Burke underlies in apparent conformity the Revette.

The St. Regis, which in this geological series is found above the Revette quartzite, does not appear, glaciation and erosion having no doubt obliterated it.

The Wallace, which underlies the Burke, is not in evidence. As the Burke in this area probably extends to a depth of over 3000 ft., and as the Ambassador is situated on its highest horizon, this is not surprising.

The Burke and Revette quartzites are definitely identified as belonging to the Coeur d'Alene geologic complex.

The distinguishing feature between these two formations other than a slight difference in texture is in color, the Revette quartzite being when broken, so as to get an unweathered sample, lighter in color than the Burke quartzite. The difficulty in distinguishing between the two quartzites has led to a confusion of the Revette with the Burke and vice versa.

Above the Burke and Revette quartzite the talus slides and surface wash obscure the upper primary formations.

Limited quantities of shale and slate—i.e. metamorphosed shale—appear in the detritus at the upper horizones. The slate may be residuum of the Pritchard formation as found in the Coeur d'Alene mining districts.

These slates have but little bearing, pro or con, on either the geology or mineralogy of the Ambassador property.

Argillaceous slates on the West side of Dry Gulch brought in by lateral faulting do not appear to have extended to any great extent to the East side of Dry Gulch. The Ambassador is situated easterly of Dry Gulch.

Gash veins have been reported in this area. None were observed within the Ambassador boundaries. It is rare to encounter a gash vein in metamorphics, they generally being found in the bedding planes in lime formations. The appearance of slate within this terrane may have given rise to this report.

The quartzites are sheared and fissured by faults radiating from the North and Southwest of this area and by antecedent titanic uplifts and

orogenic processes.

The veins occur as shear planes and true fissures in these metamorphics, which are intruded by monzonitic stocks.

Quartz-monzonite stocks were found in the Lulu tunnel and at the surface in a number of places and in shallow surface workings.

The Hope fault found about 12 miles to the North of the Ambassador is the dominant feature of the Ambassador terrane.

The axis of the Hope fault strikes Northwest-Southeast and thus parallels the faults appearing on the Ambassador property. This parallelism is noted in its relationship to the strike of the veins which take the same general course.

Minor lateral shearing and fissuring are found. This evidenced in the narrow vein or seam encountered 309 ft. from the portal of the Lulu tunnel to which reference is made in the caption "Development--Underground".

A minor diagonal fault or shear near the face of the drift in the Lulu tunnel as mentioned in the same caption appears to be caused from a moderate approximate vertical shearing action, thus only changing the strike of the vein on its general course, in place of causing its displacement. The latter would have cut off and lost the ore at least until the following of the fault along its strike might have picked up the ore.

The Dry Gulch fault strikes Northeast-Southwest and thus its course is approximately at right angles to the Hope fault. Though a minor fault, but of some magnitude, it is of importance in its relationship to the geology and mineralogy of the Ambassador property. Dry Gulch Creek outlines the Northwest boundary of the property.

It is well to note that the Dry Gulch fault, the extensive throw or displacement of which is not determined, apparently eliminates from the Ambassador terrane much of the Pritchard slates appearing to the Northwest of Dry Gulch.

A number of secondary faults appear. Step faults are probable, though none were observed.

Several reports and maps are available as indicated in the Addenda hereto. Two of these reports deal exhaustively with the geological and mineralogical regional and local factors affecting the genetics of the ore and its value. I checked these on the ground and agree substantially with the findings of the engineers making same.

The area South of Granite Creek to which reference is made elsewhere, was not examined.

South of Granite Creek is found a monzonite batholith. The extent of the occurrence of the Burke and Revette measures South of Granite Creek cannot be determined until this area has been further developed.

STRUCTURE

For structural features and changes due to faulting see caption Geology.

Five well defined veins and a possible sixth vein as named elsewhere were examined. These strike upon an approximate parallel course N.W. and S.E., the average course of which appears to be N. 58° W.

Until greater depth is obtained it cannot be determined positively that these are all true fissures, though geologically and mineralogically all indications point to such begin the case, and thus the assumption of their extension downward.

Reference is made under the caption Geology to possible gash veins. The thought has been expressed that the Lulu vein, particularly as found West of the Lulu winze, was of this type.

Though the quartz-monzonite, presumably the principal vehicle of ore dissemination, may not appear immediately in contact with the Burke quartzite or the Lulu vein itself in this area, it could have been and no doubt was intruded and made contact at a depth beneath which a gash vein would extend.

It is unusual to find a gash vein faulted even to a limited extent, or that does not come to a "feather-edge" in its extension or descent before pinching out. The Lulu vein in its development horizontally and vertically gives none of these indications.

The zone of oxidation is noticeably shallow, a favorable fact in that from the inception of development, the work has been done and will be done in formation in place with but shallow surface disturbance and thus prove with celerity and assurance the primary mineralized ore bodies.

Glaciation combined with pronounced erosion has, from the highest elevations to the lowest, combined with the steep angle of the primary titanic uplift to scorify the mountain slopes, resulting in most of the disappearance of surface deformation, with the advantageous corollary of the exposure of the formation and veins in place.

This erosion appears to have occurred to a greater extent in the Ambassador area than in the Coeur d'Alene area. In the latter the glacial action may have been greater.

Thus in the development of this property the uncertainties so often arising due to surface disturbance of the formation is obviated.

The shallow zone of oxidation is no doubt due to the depth of erosion as above explained, and to the high angle of the mountain slope, ranging from 30° to 45°. The "angle of repose" of the talus and detritus slides and surface wash is 45°. Examples of these slides are found in the narrow valleys and gulleys debouching into Granite Creek where they have come to rest form-

ing morainal flats or tongues.

These deep seated slides have, in conjunction with the meteorological elements, carried down hundreds of feet of thickness of formerly oxidised surface rock to an extent sufficient to expose the primary formation in place at the surface or immediate subsurface. This is of much importance in its contribution to the economic development of the property and the proving of ore bodies at a minimal expense.

GENSIS OF ORE DEPOSITS

The veins--fissures--derived their mineralization from the monzonitic stocks intruded from deeply seated ore magma. It is on this theory that the extension of the ore bodies to depth is anticipated.

Genetically the ore may be cotemporaneous with the intrusion of the quartz-monzonite through the Burke and Revette quartzite and the circulation of the mineralized saturated solutions into fractures and fissures formed by fault planes.

The evidence postulates that two or even more periods of faulting and fissuring occurred both antecedent to and succeeding the monzonitic intrusions and mineralization of the veins from deeply seated ore magmas.

The first period of fissuring was probably incidental to the cooling of the primary rock masses.

In the Burke district of the Coeur d'Alenes are found a number of the most profitable mines which have attained great depth in these formations. There is every evidence to indicate that this should be repeated in the Ambassador.

The fact of the generally non-bearing mineral Pritchard slate formation as found in the Coeur d'Alenes, and of the appearance of detritus from such slate is immaterial as far as the favorable mineralization of the Ambassador area is concerned.

Porphyry dikes, small--almost stringers--and large were found underground and at the surface. This is favorable to mineralization.

About 200 ft. in from the portal of the Lulu tunnel the first monzonite stock or sill is encountered. The tunnel from the winze to the breast is driven mostly through a monzonitic stock or possible batholith. The breast of the tunnel, (approximately 500ft. in toward the Delonia vein with but 45 ft. to 60 ft. to be driven to intersect it), is in monzonite.

If it is recognized that monzonite, whether pure or quartz-monzonite, accounts genetically for the ore impregnation of the veins, the above becomes of paramount importance.

As mentioned in the caption Mineralogy in either case there is justification for the belief that the mineral depositions will be found in the deepest workings with the possibility or probability that average width of vein and values will increase with depth. It may be more a question of the values in the ore than that of depth or tonnage.

Under like conditions nature follows with but minor variations the same pattern, rarely departing from this rule. In the Coeur d'Alene mining districts to which the geology, mineralogy and ore complex of the Ambassador

are comparable, it is found that the greater the depth the higher the values, the wider the veins and larger the lenses, or the greater diameter the so-called chimneys. This occurs to a depth of between 2500 ft. to 300ft. At greater depths variations from this rule occur.

There does exist a noticeable variation between the two districts in that in the Coeur d'Alenes values are mostly found in lead, zinc and silver ores; but that in the Ambassador district the predominant values are in gold.

Another variation is that in the former the fissuring of the formation seems to have been wider: Therefore, larger depositions.

In the Butte mining district in which the quartz-monzonite predominates, the same pattern is followed both as regards depth of veins and depositions. An exception occurs in the Butte district in that with depth copper in immense bodies are encountered in place of the surface zinc, lead and silver.

Further study should be made of the ore genesis of the Ambassador property. The going into this thoroughly should be helpful in gauging the property and its value from the paragenesis angle.

MINERALIZATION

As determined by analyses of the rock and ore taken from the deepest workings—i.e. Lulu tunnel—and from the surface workings, the gangue and vein filling consists of hard quartz, friable quartz, fractured quartzite wallrock, disintegrated quartz-monzonite, and in two or three places porphyry.

Tests were made for calcite and lime in other forms and for other constituents with practically negative results.

The ore streak appears both on the surface and in the Lulu ore shoot as a hard blue and white quartz with occasional soft and more friable quartz.

The gangue and quartz are impregnated with metallics of finely and coarsely crystallized galena, small amounts of sphalerite, pyrrhotite, marcasite—white iron sulphide—other pyritic metallics, and chalcopyrite in small quantities. The ferropyrites probably carry most of the gold.

It should be noted that ferropyrites are not abundant in lead-silver veins, but predominate in gold veins, as is to be expected in the Ambassador.

Though the metallics in the primary sulphide ores are of different specific gravity, they are subject to treatment by the simplest of flotation processes, at a low cost and with a high ratio of concentration with its correspondingly reduced milling and marketing charges.

It is anticipated that but little or no oxidized ores will be milled.

The above consist of primary metallics, though a few secondary minerals, the product of alteration, may be found.

The veins South of Granite Creek are reported to carry a higher silver ratio to gold than those North of Granite Creek and may carry more galena and less of the ferropyrites.

DEVELOPMENT--UNDERGROUND

As the Chinese say, "one picture is worth a thousand words". For a visual understanding and appreciation of the following and of the next section on Surface Development, reference is made to Addenda C & D--maps made by J. H. Zahner and R. D. Small--giving topographical and some structural features of the Ambassador surface, underground workings and the Lulu Tunnel.

Addendum C--map--depicts the outcrops of the veins, crosscuts, short tunnels, shallow shafts and similar surface features.

Addendum D--map--depicts the Lulu tunnel with its underground workings, to which many references are made in the following, and a sampling record giving widths and values of the ore in the Northwest drift.

The samples and measurements were not taken or made for the purpose of this report, but are useful for comparison with the sampling record shown in Addendum A, both as a check and as giving some additional information. If differences in widths of samples taken and length of ore shoot are allowed for, it is satisfactory and encouraging to note that the two samplings substantially check each other.

LULU CLAIMS NO. 1 and NO. 2. The principal underground development on this property has been done on these claims and has opened up the property advantageously.

LULU TUNNEL. The extension of the Lulu Tunnel will crosscut, develop and prove the several veins of which this report treats. The Tunnel is driven as a crosscut at an angle of N. 34° E. for a distance of 388.8 ft. to a winze, which has been sunk on ore to a depth of 16 ft.

DRIFT. From the winze a drift hasbeen driven N. 42° W. 84 ft. and N. 59° W. 64 ft., where a fault is encountered. The course of this fault is approximately N. 30° E. The drift has been turned to follow this fault for about 20 ft. at the same angle of N. 30° E.

The drift was driven on an ore shoot which was sampled in the bottom of the level for a distance of 85 ft., and as above mentioned by predecessors for a distance of 14[illegible] ft.

In Addendum A will be found the key to this sampling, giving values and widths of each individual sample.

DRIFT ORE SHOOT. Samples were taken at right angles to the dip of the vein at 5 ft. intervals over a length of 85 ft. along this ore shoot.

Two short stopes have been carried up for from 8 ft. to 16 ft. above the level on this ore shoot. From these stopes ore of higher grade than that found in the bottom of the drift and given in Addendum A was milled in the small milling plant, concentration being made by flotation.

This mill was built some ten years ago within a few hundred feet of the portal of the Lulu tunnel.

The ore as mined for the mill must have carried more metallics in the form of iron pyrites and galena than appears in the ore sampled in the drift. The width of ore stoped varied from 9" to 15", and according to the records ran from $15.00 to $25.00.

It will be noted from the sampling key that the ore sampled in the same ore shoot was for a width of 27 inches, which would account for the variation in value. Had the samples been taken for a less width, the average of same would range from $12.00 to $18.00 per ton.

The pinching in the backs of these stopes(which give indications of feathering out) and of one or two upward excavations of the back from the drift demonstrate that as far as this ore shoot is concerned in its upward extension it apexes below the surface.

This lacks definite condirmation as the surface above the drift is so completely covered by detritus and the remains of a talus slide that it—the Lulu ledge—cannot be located at a point immediately above the ore shoot itself.

There is found here an illustration of possible "blind" ore shoots, the apices of which are below the surface, which may apply and probably do in the finding and development of ore shoots in other veins on the property.

It is on this account that it is suggested—see caption Recommendations—that only sufficient work be done on the surface at higher horizons on the veins to yield data and guidance for the opening of the property from the Lulu tunnel horizon.

The ore shoot extends on its N. 42°W. and N. 59°W. course from the Winze to the face of the drift for 155 ft., but for half of this distance doesnot carry commercial values, and was not sampled.

This winze and the back above it yielded for a width of ore ranging from 8" to 18" gold, silver and lead (lead at 6¢ per lb.) values of upwards of $15.00.

Limited stoping has been done above the winze and to the South-Southeast of the winze, and the ore milled with good returns. The width of the ore shoot here averaged 3 ft.

TUNNEL. From the winze the Lulu tunnel has been driven S. 72°E., a distance of 38.6 ft. From this point it has been driven N. 39°E., a distance of 170 ft., a total distance for the Lulu tunnel of 596.4 ft.

At 183 ft. from the portal the Tunnel intersects a small seam striking at an angle of N. 35° W. This was followed for 20 ft.

At 309 ft. from the portal the Tunnel intersects a second seam or small

vein striking at an angle of N. 20° W. which has been drifted on for 60 ft.

Toward the face of this seam the strike has turned to angle of N. 45° W. Taking the average of these two angles this seam if extended for a distance of 150 ft. would intersect at an acute angle the main drift first above mentioned, and would run parallel with the course of the fault near the breast of the main drift on the fault's eastern exposure.

The breast of the main drift shows but little ore, but the ore may be picked up by following the fault along its approximate strike of N. 30° E.

Though this diagonally crossing seam gave low values and no computable ore tonnage, it is demonstrative of what may be found elsewhere on the property, and gives some clues which may aid the property's development in the most economical manner.

See caption Recommendations, for the investigation and development of the above mentioned seam.

At about 200 ft. from the portal monzonite is found. For the significance of this reference is made to caption Genesis of Ore Deposits.

At 535 ft. from the portal a fault of more or less extent and significance appears. This fault crosses the tunnel at right angles. This may be a minor fault and its significance cannot be determined.

Suggestions as to the immediate extension of the Lulu tunnel will be found under caption Recommendations.

DEVELOPMENT--SURFACE AND SUBSURFACE

Numerous crosscuts and tunnels varying in length from 40 ft. to 63 ft. and several shallow shafts and winzes have been driven and sunk on the veins at the various elevations as described below.

It was only possible to get access to and sample five or six of the above. Falls from the backs, rock sloughing from the walls, and caves at entrances, though not prohibiting partial examination, prevented sampling which should yet be done.

The terrane has also been opened and exposed by numerous short surface cuts on the various veins, some of which were accessible for examination and sampling.

Several outcrops of the veins which do not appear on the maps were also examined but not sampled.

The vein outcrops--exposures--at the different elevations parallel each other along an average course of N. 55° W. and S. 55° E., which corresponds with the side line boundaries of this entire group of mining claims.

With the exception of Wanda No. 2 there is a rather notable uniformity in the distance apart between the approximately parallel veins. This distance in their vertical elevation one above the other averages 236 ft.

In accordance with the Euclidean axiom that the shortest distance between two points is a straight line, nature has aided materially in the economy and quick development of the Ambassador in that the Lulu tunnel being a direct crosscut at right angles to all of the veins, the strikes of which are parallel, yields the shortest distance to drive. This is from the lowest elevation, thus getting the greatest depth possible on the dip of the veins.

This uniformity of strike and distance apart are indicative, as mentioned elsewhere, of the absence of extensive faulting in this area.

Nature has thus aided in the low cost development of the property by permitting of one main crosscut tunnel so located as to intersect all the veins at approximately right angles. Reference in this connection is made in the caption "Conclusions".

In the order of their occurrence, starting at the lowest elevation, these veins trending from the Southeast to the Northwest are found as follows:

	Elevation	Approx. distance apart on mountain slope which varies from 28° to 45°	Approx. distance apart vertically above underlying vein
		Tunnel level	Tunnel level
1. Lulu #1.....	3745		
2. Delonia.....	3875	390	130
3. Wanda No. One...	4205	990	330
4. Wanda No. Two...	4275	210	70
5. Dema.....	4530	885	295

In order that, in the development of the property, if and when the first one or two ore shoots are uncovered, (presumably in the Delonia vein) available measurable tonnage may be determined in connection with its future development and future appraisal value and thus warrant for installation of the Dry Gulch plant--see Recommendations--it is essential that above computations be checked and verified by transit survey and leveling, or in place of leveling by carefully taken aneroid barometer readings.

From the Lulu tunnel level, estimating the average dip of the veins as 60%, the stoping distance would vary from about 200 ft. in the Delonia to over 1000 ft. at the Alma. If ore shoots were long and wide and numerous, a tremendous tonnage would thus be opened.

LULU VEIN. See caption "Development. Underground".

DELONIA VEIN. This isfound at an elevation of 3876 ft. or approximately 390 ft. on the mountain slope above the Lulu Tunnel, or approximately 130 ft. vertically above the Tunnel.

A crosscut tunnel, now partially caged, has been driven to intersect this vein for a distance of 63 ft. At 31 ft. from the portal a winze has been sunk on the vein to a depth of 5 ft.

The ore showed on both walls and ends of the winze. On the back above the winze it showed for 2½ ft. width; at the bottom of the winze a width of 5 ft.

The dip of the vein or ore appeared here at an angle of 60° to the North and therefore away from the breast of the Lulu tunnel.

In the extension of the Lulu tunnel to come under the above Delonia workings, allowance must be made for this dip to the North.

The samples of ore at the breast of the tunnel and above the winze gave but traces of gold and no silver, but the sample from the bottom of the winze gave silver 3.8 oz., gold 7.10 oz., a total at present values of $241.19.

It might be considered that this was a freak assay, partly accountable by the fact that there was considerable free gold observed in the sample. This was a large sample and carefully quartered down.

The ore gives the appearance here of apexing, and thus of a probable ore shoot which can be rapidly developed by sinking.

Samples have been obtained from this tunnel of upwards of $10.00 by other engineers.

Samples of the dump by myself gave values of upwards of $10.00.

The tunnel on the Delonia is located almost immediately above the point at which the extension of the Lulu tunnel would bring it.

WANDA VEIN NO. ONE--Elevation 4205 ft.--a crosscut and 10 ft. shaft on this vein is located approximately 200 ft. to the West of a vertical raise from the Lulu tunnel on its present course of extension.

At a distance of approximately 700 ft. to the East-South-East a 60 ft. tunnel and two short open crosscuts have been driven.

As near as could be judged from the shallow surface openings on the Wanda ledges, their dip is at an angle of 45° to the North-North-East.

At these points of the surface the Wanda vein outcrops appear to vary from 4 ft. to 6 ft. in width.

Large and carefully taken and quartered samples gave the following results:

	Silver	Gold	Total Value
#944 Wanda Vein #1, incline cut 14 ft. in length sample taken in face over width of 3 ft.	1.9	1.88	$67.14
#946 Wanda Vein #1 incline cut 13 ft. down incline 4" wide.	7.8	.91	$39.74
Wanda Vein #2 crosscut 3 ft. from face 14" width.	1.1	.04	2.18

WANDA VEIN NO. 2. As nearly as could be determined a second vein—here designated Wanda #2—appears from 30 ft. to 90 ft. above Wanda No. 1. No mention of the vein has been made in the reports to which reference has been made elsewhere. This gives evidence of running parallel with and being a separate vein to Wanda #1: it is possible, however, that this may be a split vein caused by a diagonal fissuring from Wanda #1.

DEMA VEIN. Exposures on this lead are not as well defined as on the preceding: surface wash and slides being to a greater extent at this horizon that at lower horizons. Judging from the discovery open cut and one or two otherexposures almost now obliterated, this is probably like the other veins, a true fissure: It gives more evidences of a true fissure type of vein than of anything approaching a gash type.

Without additional work no further determination can be made as to the Dema.

The detritus flow from above obliterates the surface to such an extent that it would be necessary to do considerable work here to get to bed rock.

TWO, THREE OR POSSIBLY FOUR VEINS SOUTH OF GRANITE CREEK. These are less developed ledges than those North of Granite Creek but following the same parallel strike to those situated North of Granite Creek.

Should development of these claims prove satisfactory they would add materially to the value of the whole property. This consideration is taen into account in the appraisal. They were not examined nor sampled, nor come within the scope of this report.

These are within the boundaries of the property lines of the Ambassador and should not be overlooked, as adding to the potential value of this property.

COSTS

This report is concerned with operating, development and milling costs only in their relationship to the appraisal of the value of the property. Such costs are predicated upon: (a) cost of placing ore—tonnage—in sight, (b) its value, (C) cost of milling, (d) marketing and (e) of the blocking out of such a tonnage as will replace ore concurrently extracted.

These in turn are based upon the following assumptions:

1. That all ore mined be susceptible of extraction as a straight mine run and be trammed in one operation from the ore chute to the mill.

2. That an average width of ore seam and vein of not less than 42 inches to 54 inches is found: thus the avoidance of breaking and mucking of much waste.

3. That the average dip of the veins be at an angle of not less than 45°.

4. That ore shoots be found of not less than from 75 ft. to 150 ft. in length or in place thereof lenses of commercial ore of greater width if of less length.

5. That the average value of the lower grade ore broken and milled—inclusive of the limited amount of waste which will inevitably be broken with it—is not less than $9.00 to $11.00 assay value: and that ore of medium grade ranges from $11.00 to $13.00.
   (In the proposed Dry Gulch plant of upwards of 200 tons capacity, ore as low in grade as $6.00 or $7.00 per ton could be profitable milled—see captions Profits, Conclusions and Recommendations.)
   (Ore in excess of $20.00 value is treated as high grade in this type of gold mine and does not enter into the calculations here. It is considered elsewhere in this report.)

6. That pumping and hoisting will not be required.

TABULATION OF COST OF PRODUCING ONE TON OF MINE RUN ORE
DELIVERED AT MILL HEAD
with material prices and wage rates as of January 1945

KEY TO COLUMNS

Column A. Operating through Lulu tunnel and milling in Lulu mill at capacity of not less than 50 tons.

Column B. Estimate based upon operating through Dry Gulch Tunnel and milling in permanent Dry Gulch plant at capacity of not less than 200 tons up to 350 tons.

	Column A Per ton	Column B Per ton
Mining. Based upon laber and material costs as of January 1945 with a reserve of not less than 5,000 tons to 10,000 tons blocked out and available,	$2.25 to $3.25	$1.75
Development. To above must be added cost of replacing ore depleted plus the gradual addition thereto of increased reserves. This is essential in all mines to establish their longevity and sustain its value as a capital asset,	1.50 to 2.00	1.25
Milling. As explained under caption "Mineralization" it is anticipated this will prove to be one of the simplest ores to mill, carrying sufficient sulphide metallics to permit of a recovery by straight flotation in ratio of not less than 10:1. See Footnote A. Under above conditions milling costs should not exceed	1.60 to 2.10	115
Tailing Loss. In behalf of conservatism this is treated as 7%, though on this particular ore, upwards of 95% of the total values should be recovered. Accepting the assay value of the mill heads--mine run ore--as $16.00, the tailing loss would thus be,	.70 .70	.55
Marketing. Includes (a) transportation, (b) freight, (c) smelting charges on concentrates, and (d) smelting deductions from the market price of gold, silver and lead in concentrates, and premium and penalty allowances and deductions. If based upon a ratio of concentration of 10:1, marketing costs should not exceed, per ton of concentrates, $9.00 to $10.00, or, per ton of ore milled	.90 to 1.00	.75
Overhead at mine. This includes superintendency, laboratory charges, etc.	.25 to .30	.20
Total	$7.20 to $9.35	$5.65

AVERAGE $8.28

FOOTNOTE A. The flow sheet for the mill will no doubt call for the least expensive of machinery. It is improbable that either selective or differential flotation will be required, and probable that only a lesser percentage of the mill feed will require fine grinding.

(Apparently the only foreseeable complications which might arise would be that such a tonnage of ore carrying free--metallic--gold is milled as to require amalgamation.)

These costs include all, at and upon the property, enpenditures, and all social security, industrial accident insurance and unemployment compansation taxes both State and Federal.

They do not include fixed charges such as town office, engineering services, fire insurance and capital and corporation taxes.

The above computations should be accepted as indicative of what should and can be done rather than for any positive accuracy.

Some engineers, superintendents or milmen may take exception to above costs as being too high or too low: however, they are given as a general guide allowing for ordinary every-day managerial, superintendency and milling capability which is about the only help obtainable at this time.

If highly efficient superintendency and labor under far seeing and experienced engineering advice can be obtained, the above costs might be bettered by from 10% to 20% provided an ore reserve of upwards of 20,000 tons has been developed in advance of extraction. Under such conditions the mill saving can be brought up to higher than 93%.

PROFITS

This report deals with the question of profits in their relationship to the value--appraisal--of the property, but in no other way.. If necessary additional information pertaining to this subject can be embodied in an addendum hereto.

Accepting the costs given in the preceding caption as conservative, upon ore of the value as set forth below, the surmise is justified that the following operating profit could and should be made.

	With 50 ton capacity mill located at Lulu Tunnel	With permanent plant of not less than 200 tons capacity located at Dry Gulch
On $6.00 assay value ore at millhead	No profit	$0.35
" 7.00 " " " " "	Probably no profit	1.35
" 8.00 to 10.00 " " " "	$1.20	3.35
" 15.00 " " " "	6.70	9.35
" 20.00 to 25.00 " " " "	14.20	16.85

It should be noted that the above are not net profits, but are the amount realizeable--i.e. operating profits--at the mine after meeting all operating and development costs and all charges of every kind incurred at the mine.

Actual net profits can be determined by deducting from the operating profits the sum of the fixed charges, as indicated in caption Costs.

CONCLUSIONS

The data and factors upon which these conclusions are based will be found throughout the preceding sections. For the sake of brevity they are not repeated which accounts for the empirical method of statement.

The outstanding gold mine of long life is one in which large tonnages of moderate or even low grade ore capable of supplying daily for many years a mill of large capacity can be inexpensively developed and mined.

If developments tally substantially with the above and the requirements given in caption Costs, this mine can be developed, operated and ore extracted comparably with the lowest of low cost gold mines of this type in the Western United States.

In mines in which the ore bodies occur as large deposits, lenses or veins of extreme length and width in which ore extraction can be made by shrinkage methods or by slushing, the cost of production would be further lowered.

The goal at which to aim in connection with the Ambassador should as nearly as possible accord with the above.

It is axiomatic that a mine is not made by and cannot be judged from its surface ores, which are subject to surface and sub-surface disturbances and deformation or from the value of ores found in oridized zones.

It is rare to encounter a property in which the zone of oxidation is so shallow.

The fact that the sinking of but a few feet from the surface or the extension of a surface tunnel or cut reaches primary sulphide mineral zones—in which are encountered the permanent ore bodies—permits of a low development cost.

Of equal importance is the knowledge gained, with the minimum expenditure of time and money, of the value of such ore and its continuity.

The vital question is not so much of the ledges or veins themselves, the existence and extent of which are proven, as is the extent to which they are mineralized and whether such mineralization carries such proportion of precious and base metals in ratio to the non-commercial metallics as to insure a profitable operation.

Judged from the width of vein exposures in the Lulu tunnel and from measurements made of the surface cuts and shallow shafts on and of the five veins of which this report treats, and allowing in the latter for surface disturbances and deformation, a width of vein of from 3 ft. to 5 ft., ranging in places up to greater width, will be found with depth.

"Blind" ore shoots may occur. Veins which do not appear at the surface as outcrops may be found.

If and when ore is found stoping ground--backs for ore--from the Lulu tunnel horizon to the surface on the respective veins on their presumed average dip would be approximately as follows:

	Stoping ground to surface
Delonia, above Lulu Tunnel	210 feet
Wanda #1 " " "	640 "
Wanda #2 " " "	755 "
Dema " " "	1165 "

These backs would yield a very large tonnage.

Attention is directed to the above and the parallel occurrence of the veins as favorable to the development of the property with low capital expenditure.

Surface developments point to the possibility of encountering ore shoots of greater length carrying ore of higher value and veins of greater dimensions than so far defined in the Lulu tunnel.

Value of ore is likely to vary both as regards individual veins and of the ore shoots in any one vein.

In the Ambassador as in similar gold mines, it will probably be found that the narrower the ore seam and the shorter the ore shoot, the richer the ore, and vice versa.

The Delonia and Wanda #1 veins, either both or one of them, may constitute the most productive of the veins of this property. Both are traceable on the surface over a distance of from 3500 ft. to upwards of 4000 ft.

The Lulu is traced for the same distance, but whether it is as wide or will carry as high values as either or both of the foregoing is subject to proof.

All veins give evidence of true fissures carrying, even at the surface, commercial values.

This property can be developed, proven, and brought into production by horizontal and lateral workings, both in uncovering the veins and in driving on them, and put in full scale operation through one main operating tunnel.

Ventilation can be obtained by raising from the Tunnel level.

Drainage can be obtained through the operating Tunnel on a horizontal plane and thus the avoidance of expensive pumping.

To eliminate the cost of sinking and pumping is to cut down operating costs by something better than 25%.

The site for the Dry Gulch plant and Tunnel is located Southwest of and above the point at which the Lulu vein, if it follows the same strike as seen in the Lulu Tunnel, would emerge at the surface on the mountain flank East of the Tunnel site. The Tunnel portal would be at an elevation of about 150 ft. above the point of emergence of the Lulu vein: thus the Tunnel would not cut the Lulu vein in this area.

A compensation exists for this in that at such a point in the Tunnel, as a survey would show suitable, a crosscut can be projected to the Southeast, from which the Lulu vein could be developed from the heart of the mountain.

It is patent that certain development work, both underground and on the surface, as set forth under "Recommendations", must be done to establish the value of the property and to enable the management to plan an agenda for its further development, operation and production.

RECOMMENDATIONS

These are predicated upon the conclusions as set forth in the preceding section. Should any of such conclusions prove materially erroneous it would necessitate such changes, deletions or additions in the following recommendations as would adjust them to the actualities found as the work progresses.

It is regretted that this section cannot be condensed into less length. To derive full benefit from the Ambassador's present stage of development and from the operation of the mill erected and used by former lessees at an aggregate expenditure, based upon costs as of this date, of around $50,000.00 and from the work done and expense incurred in making this examination, it is necessary that numerous recommendations be made in detail.

To facilitate their consideration they are assembled in three groups: General, Specific, and Miscellaneous.

GENERAL RECOMMENDATIONS

In view of the very limited tonnage of measurable ore in sight the first step should be to formulate plans for the rapid, most efficient and economic development of the property: Thus to gain definite knowledge as to the tonnage and value of the ore and other data affecting its value and permanent operation.

LULU TUNNEL. Extension of the Lulu Tunnel to the Delonia vein and thereafter to the Wanda #1, Wanda #2 and Alma veins from its present breast 600 feet from the Lulu portal for a distance of from 55 feet to 1400 feet.

The Tunnel is driven to intersect all veins at approximately right angle to their strike: thus its extension can be made at minimum cost.

PRELIMINARY CAPITAL REQUIRED. A comparatively small investment to meet cost of preliminary equipment, mining supplies and labor would probably open up such a body or bodies of ore as to clear up a number of important points and thus to warrant full scale development and operation as herein suggested. If desired, a material list of the equipment and mining supplies required for this purpose can be supplied, together with an estimate of their cost and the labor cost.

DELONIA VEIN. After determining the possibilities of the Delonia vein the Lulu Tunnel should be extended to intersect the Wanda #1, Wanda #2 and possibly Dema veins. Such extension of the Tunnel and drifts would be governed by considerations of finance and tonnage of ore developed.

EXTENSION OF TUNNEL. Ater the Delonia vein is cut before formulating

plans for the further extension of the Tunnel as above suggested, a careful study should be made at the surface of veins #3, #4 & #5 at their outcrops along their strike East and West. Additional samples should be taken at the outcrops and elevations and strike checked.

So far the direction and angle of the rake of possible ore shoots in the property is undetermined. To insure the development of the property at minimum expense this information must be obtained. The rake of an ore shoot will determine the shortest distance to be drifted in the veins in order to produce the largest possible tonnage with the least development work.

MAIN DRIFT. Amongst the first work done should be the extension of the main drift in the Lulu tunnel from its present breast for at least a sufficient distance to yield information as to the fault and possible continuation of the ore shoot.

LABOR. It will be found that a reduction of overhead can be made by contracting the preliminary work here recommended. Provided a close managerial oversight is given the contractors, not alone would costs be reduced but probably greater efficiency obtained and the work expedited.

DRY GULCH PERMANENT PLANT AND TUNNEL. For details refer to Addendum I. The proof of the warrant for the erection of this plant and of the driving of a permanent operating tunnel for a length of from 1500 feet to 2500 feet depends upon results obtained from the exploitation of the mine through the Lulu workings.

SPECIFIC RECOMMENDATIONS

IMMEDIATE DEVELOPMENT. The extension of the Lulu tunnel for a distance of from 46 feet to 60 feet as determined by the dip of the Delonia vein should bring it to the intersection of that vein, the first vein appearing on the mountain slope above the Lulu vein.

The depth obtained at the Lulu Tunnel horizon below the Delonia vein on its dip would be about 210 feet as gauged by its elevation and presumed dip.

Thus any ore shoot found in the Delonia vein on its raise to the surface would yield 210 feet of ore backs should the ore shoot continue to the grass roots.

If ore is found at point of intersection or by drifting short distances East or/and West this would give about 210 feet of ore backs to the surface. Unfortunately the Delonia vein dips approximately 50° to the north and thus

away from the breast of the Lulu Tunnel notwithstanding which the distance to drive is short.

Regardless of whether ore is found at the intersection of the Delenia, drifts on this vein should be extended both east and west for not less than 150 feet in each direction: this with aview of determining the length of any ore shoot, if found, or of picking up an ore shoot, east or west, if not found at the point of intersection.

Drifts should be driven in the ore until the length and width of an ore shoot or ore shoots are defined; also information derived as to whether there is a tendency for the ore to occur in the form of lenses.

In drifting care must be exercised to provide, as nearly as is possible, for the angle of the rake of any ore shoot appearing at the surface.

REDUCTION PLANT. As soon as a few thousand tons of measurable ore are developed, concurrently with the development of additional tonnage, the present mill should be re-equipped, making available where practical such machinery as it now contains, and brought up to a 50 ton capacity.

By milling at thiscapacity upon ore of an average value of around $10.00 (mill head) a sufficient net operating profit should be yielded to meet a portion or all of the cost of development and the opening up of ore reserves, plus a possible moderate profit.

The tuning up of the mill to insure a 90% to 93% and greater saving, and its use thereby as a pilot plant from which a suitable flow sheet can be drafted,will yield a needed safety factor in warranting the large capital investment for the Dry Creek plant.

PRELIMINARY MACHINERY REQUIRED. A 110 cu.ft. or 185 cu.ft. up to 210 cu. ft. compressor should be installed and housed in the machine and blacksmith shop already erected at the portal of the Lulu Tunnel.

Such compressor driven preferably by gas engine should be sufficient to provide the air necessary for the preliminary development of the min as herein suggested.

This equipment would be sufficient to permit of the extension of the Lulu Tunnel to the Deleniaand possibly to Wanda #1 vein and of the limited work suggested in the Lulu Tunnel.

Rail and pipe is already laid in the tunnel and drift with the exception

of about 200 feet which is lacking to complete the track to the breast of the Tunnel.

A blower and ventilating pipe would be required and one or two drills of the jackhammer or little giant type, together with the usual mining tools and one additional ore car.

CAMP. The present buildings are out of repair and the equipment for them has mostly disappeared. They should be inexpensively reconditioned and equipped for domestic use so as to give comfortable living quarters for a small force.

As the first work on the property may be done by contractors arrangements could probably be made with them to recondition and equip same—the latter at the Company's expense—to an extent sufficient to meet first requirements, at a moderate outlay.

An arrangement might be made with contractors for opening the road to the extent of giving easy and practical access to the property, and for moderately heavy hauling.

SEAM ENCOUNTERED IN LULU TUNNEL 309 FEET FROM PORTAL. Some work should be done here and the seam followed from its present face along the strike of the presumed fault to its intersection with the main drift. This would require driving at an oblique angle to the main Tunnel and main drift for about 160 feet.

This could be done after the Lulu Tunnel has been extended to the Delenia or contemporaneously therewith.

The West drift—in which is found the ore shoot—should be extended along the fault plane as mentioned in caption Development Underground, from its breast for from 20 feet to 40 feet. By so doing additional ore may be found or the same ore shoot picked up on the thro w of the fault.

MISCELLANEOUS RECOMMENDATIONS

DIAMOND DRILLING. A possible short-cut in proving the property to be gained by diamond drilling should not be overlooked. The dips of the veins and probable rake of ore shoots are such as to permit of spotting holes at such an angle as to cut the veins at approximately right angles, a great advantage in diamond drilling.

FAULTS. The encountering of faults in one or more or all of the veins

must not be overlooked. All evidences point to such faulting being of a minor nature. The most pronounced fault of a majortype detected on or near the property was that of the Dry Creek fault at the Northwest boundary of the property. An illustration of a minor fault is found in the Lulu tunnel drift as noted elsewhere.

OPEN CUT MINING. The possibility--this is only abare possibility--of reducing expenses by open cut mining shoule also not be overlooked. This is the least costly of all methods of mining. This is only applicable when the values occur almost at the surface with not more than afew feet of overburden: also with a width of ledge matter of upwards of 15 feet. An immense tonnage even of low grade ore is necessary to warrant the installation.

GOLD MINING ORDER L 208. Should the rescinding of Order L 208 be delayed, it might be possible to get a W.P.B. order to permit of working the property by contract: all parties to the contract being partners. To obtain such permission it would be necessary to show that all contractors on the property were beyond military age and not available for one reason or another for essential war industrial work.

IN CONCLUDING this report attention is directed to the fact that many a meritorious property has been placed in the red or made to require so large a capital investment before reching the profit stage that the enterprise has been abandoned and a heavy loss incurred.

The conscientious engineer recognizes that the financial hazard inherent to the mining industry is greater than in most industries, and that the factor of safety is against the investor. The pitfalls are many but most of these can be avoided and by such avoidance the percentage might be reversed in favor of the investor.

The following are a few of the pitfalls possible to avoid:

Due to the lack of adequate surface and underground surveying the below surface development of a property by shafts, tunnels, drifts, crosscuts and raises may be so inadvisably performed as to miss their objective.

A reduction plant, even though small, may be erected without an adequate tonnage of measurable ore having been developed and placed in sight, thus the exhaustion of capital and the incentive to continue operations missed even though such continuation were warranted.

A rather frequent cause of failure is due more to inexperienced engineering advice or to uneconomical managerial and superintendency incompetence than

to lack of initial or permanent capital. The effect of this is that preliminary available capital is exhausted before the goal is reached, with its corollary, failure.

Or reliable engineering and managerial advice and direction are obtained together with a good tonnage of ore made available, permitting of an excellent operating profit: but the reduction and marketing of it through unsuitable milling practice or indivisable transportation and marketing may wipe out this profit.

Head and administrative offices outside of the property, together with fixed charges can easily consume a good margin of operating profit.

Basically as particularly applied to the Ambassador disappointment may arise from:

1. A lapse, so to speak, by nature to follow her usual procedure.

2. Incapable management and superintendency with its corollary of increased costs and lessened profits.

3. The possibility that erroneous or mistaken engineering advice may be embodied herin.

4. Lack of capital, especially at critical stages of development.

5. Unforeseen physical conditions and setbacks arising, thus adding to the cost of development, operation, ore extraction and milling.

6. The interpretation placed upon the geology, mineralogy and structural data given throughout the text could be erroneous.

7. Failure might occur to so integrate in such a manner the facts and suggestions embodied throughout this report as to create an unbalanced situation and add to the costs and retard operations to such an extent as to bring disaster.

8. It is conceivable, though not probable, that a sufficient number of predictions made herein may so fail of fulfilment as to radically change the picture.

Of the above all but Nos. 1&5 involve the human equation. A saving element is thus found and can be applied by the exercise of forethought, conservatism and care in checking and confirming, as the work progresses, such data as is not now positive or quasi-evidence that is too indefinite to be reliable.

Throughout the text an endeavor is made and the data given by which most of these possible contingencies can be avoided and the procedure outlined by which to bring about such avoidance.

In the examination and development of mines and prospects for forty-five years and in the building of mills and smelters for the reduction of the base and precious metals produced therefrom, it has been found that these pitfalls or adverse contingencies account for as many failures as arise from actual lack of merit--potential or otherwise--in the properties themselves.

In reverse: almost as frequently instances arise in which meritorious prospects and mines have been developed into highly profitable properties which originally proved unsuccessful due to the discoverer, owners, lessors or investors having encountered one or more of the above mentioned pitfalls.

The Ambassador mine as developed to date gives good evidence of becoming a successful and profitable operation.

Should the exploitation and development of the property through the Lulu Tunnel place in sight an ore tonnage as isindicated by present development and thus justify the erection and driving of the Dry Gulch Permanent Plant and Tunnel as stated in Addendum I, it would convert the Ambassador from a typical paying gold mine into one of the outstanding gold properties of the State of Montana.

Consulting Mining Engineer & Geologist

ADDENDA A.

KEY TO SAMPLES & SAMPLING RECORD TAKEN IN
LULU ORE WEST DRIFT.

No. of Sample	Distance from face	Width inches	Silver ounces	Value	Lead Per cent	Value	Gold ounces	Value	Total
2 R	10'	14"	12.5	$8.87			1.38	$48.30	$57.17
3	13'	30"	No				.02	.70	.70
4	15'	24"	2.1	1.49			.22	7.70	9.19
4 S	18'	30"	No				Trace		
5 R	20'	18"	2.2	1.56			[illegible]	13.30	14.86
5	22'	8"	1.7	1.20	7.3	8.76	.16	5.60	15.56
6	23'	30"	1.1	.78			.04	1.40	2.18
6R	25'	25"	2.7	1.91			.29	10.15	12.06
7 R	30'	33"	.4	.28			.05	1.75	2.03
8 R	35'	24"	5.	3.55			.40	14.00	17.55
9 R	40'	25"	No				.16	5.60	5.60
11 R	50'	36"	No				.02	.70	.70
12 R	55'	36"	No				.07	2.45	2.45
13 R	60'	40"	1.9	1.34			.20	7.00	8.34
14 R	65'	37"	1.1	.78			.12	4.20	4.98
		[illegible]		$21.76		$8.76		$122.85	$153.37
		Av. 27-1/3		Av. $1.45		Av. $.58		Av. $8.19	Av. $10.22

The above samples for an average width of 27 inches yield an average in gold, at $35.00 oz. of $8.19; in silver at 71¢ oz. of $1.45; and in lead at 6¢ lb. of $0.58: total $10.22.

This $10.22 is for 51 ft. length of ore; the remaining 34 ft. of the 85 ft. sampled being of a non-commercial grade are not included.

For the reasons given elsewhere in this report it is evident the ore shoot is commencing to apex at this horizon, but as depth is attained it will lengthen and widen. This apexing is partially verified in the short stopes above the level, details of which are given elsewhere.

Excepting where the width of the vein has contracted—see text elsewhere—in this area of the Lulu vein and ore shoot, but few lead or zinc metallics occur. Determinations were only made for same where they appeared of commercial value.

ADDENDA I

PERMANENT DRY GULCH PLANT AND TUNNEL

On the Placer-Cabin and Tunnel Site claims located on the extreme Southwest corner of the property's boundary there exists an exceptionally favorable site and opportunity for the location of a permanent operating tunnel, from which, with the exception of the Lulu vein, could be developed and operated the mine in its entirety.

Dry Gulch, along which in wet seasons flows Dry Creek, roughly delineates the Northwestern boundary of the Ambassador. Dry Creek empties into Granite Creek.

The elevation of the portal of the Lulu tunnel is 3745 feet.

The elevation of the portal of the proposed Dry Gulch Tunnel located on the Southwest mountain slope immediately above Granite Creek is 3230 feet.

A vertical depth on all veins, with the exception of the Lulu, is thus obtained of from 900 feet to 2000 feet of ore backs and steping ground, in areas in which ore extends to the sub-surface upon average dip of around 80°.

By locating the Tunnel on the flank of the mountain on the Tunnel Site claim at an elevation of approximately 60 feet above the wagon road (which road runs parallel with Granite Creek) a short tram will give ample opportunity for a large dump. A flat at the confluence of Dry Gulch Creek with Granite Creek upon which tailings can be impounded can be utilized by the building of low retaining walls.

This location would give a gravity site for the mill and thus obviate the use of several elevators, and facilitate the most economical impounding of tailings.

The operating tunnel would intersect the respective veins on a horizontal plane at an oblique angle of about 40° near and along the Northwestern boundary of the property, and thus permit of opening the respective veins to the Southeast for a total distance of over one mile.

Due to the extremely favorable situation, from the operating, mechanical and economic angles, arising from such a main operating tunnel, it is desirable that this be fully appreciated as adding materially to the value of the property.

The operation of the Ambassador through the Dry Gulch Tunnel compared to operation through the Lulu Tunnel, with a plant of adequate capacity located at the Dry Gulch Tunnel, would yield from $2.00 to $3.00 per ton additional profit.

To illustrate the importance of this in evaluating the property, the following example is given. This is based upon the assumption that the development and operation of the mine through the Lulu Tunnel will demonstrate

sufficient (1) available measured ore—blocked out on two or more sides—of (2) from $8.00 to upwards of $10.00 assay value in the mine, at (3) prices and costs as of January 1945, of (4) upwards of 40,000 tons.

Accepting the net operating income (exclusive of fixed charges but including mine overhead) on $10.00 ore as yielded by the Lulu mill of not less than 50 tons daily capacity and making a saving of 93%,—refer to caption Costs—, as

	Per ton
	$1.20

With a mill of not less than 150 tons capacity up to 250 tons capacity located at the Dry Creek site with ore extracted through the Dry Creek Tunnel, the profit would be, on the same ore, 3.35

Additional profit, Dry Gulch Plant $2.15

Many large gold mines of the United States in the 1930s were well satisfied to make such a profit on $10.00 ore.

Richer ore would give an additional profit in an ascending ratio.

Should large bodies of ore be developed of less than $8.00 to $10.00 per ton value. The gain as between the two plants would make the difference between profit and loss and the success of the mine.

Of equal importance with the above is the fact that with the Dry Gulch Mill and Tunnel, marginal value ore produced through the Lulu of $6.00 to $7.00 value would not show a profit, but if produced through the Dry Gulch Plant a profit of around $1.50 per ton would be made.

Before the erection of the Dry Gulch Plant, an investigation must be made of the water supply for the mill. Excepting in an unusually dry season, ample water can probably be obtained by gravity from Granite Creek, the intake for same being about 1000 feet upstream from the Mill.

Presumable by the time the erection of the Dry Gulch Mill is completed the permanent operating Tunnel will have been driven to open the Dolomia vein and probably the Wanda #1 and possible other veins. In this case the drainage from the Tunnel would probably supply any dry season shortage of water not obtained from Granite Creek.

THE C.M. FASSETT CO.
INCORPORATED

ENGINEERING LABORATORIES

MEMORANDUM OF ASSAY MADE FOR

19-21-23 W. MAIN AVE Spokane, Washington SEPT. 13, 1950

AMBASSADOR MINES, CORP.

SAMPLE MARK	ASSAY VALUE PER TON OF 2,000 POUNDS AVOIRDUPOIS																		
	Zinc at .... cts. per lb.			Copper at .... cts. per lb.			Lead at .... cts. per lb.			Silver at .... cts. per oz.				Gold at $35.00+ per oz.				Total	
	PER CENT.	DOLLARS	CTS.	PER CENT	DOLLARS	CTS	PER CENT	DOLLARS	CTS.	OUNCES	10THS	DOLLARS	CTS.	OUNCES	100THS	DOLLARS	CTS.	DOLLARS	CTS.
SMALL PIECE	10.5						6.1			1.80				0	.01				
CAN	3.0			0.5			1.0			1.30				0	.02				

{All samples saved for one year. Pulps can be had from these samples for check assays, at any time.}

No. 132187-88

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THE C.M. FASSETT CO., Inc.
Engineering Laboratories

By Neil K. Peterson

SPOKANE LITHO. CO.

THE C.M. FASSETT CO.

INCORPORATED

ENGINEERING LABORATORIES

MEMORANDUM OF ASSAY MADE FOR

19-21-23 W MAIN AVE Spokane, Washington 16 March 1948

Ambassador Mines

SAMPLE MARK	ASSAY VALUE PER TON OF 2,000 POUNDS AVOIRDUPOIS																		
	Zinc at .... cts. per lb.			Copper at 21.5 cts. per lb.			Lead at 15. cts. per lb.			Silver at 90.5 cts. per oz.				Gold at $35.00+ per oz.				Total	
	PER CENT.	DOLLARS	CTS.	PER CENT	DOLLARS	CTS	PER CENT	DOLLARS	CTS.	OUNCES	10THS	DOLLARS	CTS.	OUNCES	100THS	DOLLARS	CTS.	DOLLARS	CTS.
None				1.6	6	88	16.8	50	40	23	3	21	07	3	53	123	55	201	90

{ All samples saved for one year. Pulps can be had from these samples for check assays, at any time. }

No. Copy

Charges, $

THE C.M. FASSETT CO., Inc.
Engineering Laboratories

By W. S. Whitman

SPOKANE LITHO. CO.

Standard Form No. 1034a—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Vou. No. 642

U. S. Interior, Mines (Department, bureau, or establishment)

Voucher prepared at Spokane, Wash. (Give place and date) Feb. 6, 1953

THE UNITED STATES, Dr., Payee's Account No. Idm-E113

To Ambassador Mines Corporation (Payee)

401 Empire State Building, Spokane 1, Wash. (Address) (City) (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	July, 1952	Balance of 10% withheld (see Voucher #494)				332 50	
		Plus error in May Supplemental Report				10.00	
		Less disallowance by audit dated 1/15/53. 50% of $146.39				342 50 / 73 20	
		Use continuation sheet(s) if necessary					

PAYMENT:
Complete ☐
Partial ☐
Final ☐

Shipped from to Weight Government B/L No. Total 269 30

(Payee must NOT use this space)

Differences .....

Account verified; correct for 269 30

(Signature or initials) .....

Contract No. Date Req. No. Date Invoice Rec'd.

269.30

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐
2. (*a*) Advertising by circular letters sent to ..... dealers.
   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.)

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

☆ U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22900a-2

Standard Form No. 1034a—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Vou. No. DMA - 494

U. S. Interior, Mines
(Department, bureau, or establishment)

Voucher prepared at Spokane, Wash.
(Give place and date)

THE UNITED STATES, Dr., *Payee's Account No.* Idm-E113

To Ambassador Mines Corporation
(Payee)

401 Empire State Building (Address) Spokane 1 (City) Wash. (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	July 1952	As per attached certified form MF-104 dated 8/16/52				598	26
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 598 26

(Payee must NOT use this space)

Differences .....

Account verified; correct for 598 26

(Signature or initials) .....

Contract No. Idm-E113 Date Req. No. Date Invoice Rec'd.

598.26

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act Interior		598.26

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.
   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.)

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22000a-2

Form MF-104 (Rev.)
(April 1952)

Mad 1538

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

OPERATOR'S MONTHLY REPORT AND VOUCHER

Month of July, 1952 Docket No. DMEA 1693 X Contract No. Idm-E-113
Operator's Name AMBASSADOR MINES CORPORATION Minerals Lead
Address 401 Empire State Bldg., Spokane 1, Wash.
Contract Amount, $ 23 049 00 Government Participation: 50 % Amount, $ 11 504 50 11 504.50

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) Independent Short Form Contracts:						
Drilling	783 75	1 434 25	2 218 00	783.75	1434.25	2218.00
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor		936 50	936 50		777.50	777.50
Supervision	668 81	714 76	1 383 57	600.00	514.76	1114.76
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Gas & oil	166 82	304 27	471 09	166.82	304.27	471.09
Misc. Supplies	11 95	680 02	691 97	11.95	680.02	691.97
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	166 60	803 42	970 02	166.60	803.42	970.02
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment		1 85	1 85		1.85	1.85
Sampling and Analysis						
Payroll Taxes	73 41	178 31	251 72	73.20	143.12	216.32
Liability Insurance	4 20	8 40	12 60	4.20	8.40	12.60
Accounting	55 00	105 00	160 00	55.00	105.00	160.00
Transportation		87 45	87 45		87.45	87.45
(8) Contingencies (specify): To correct error in May supplemental invoice.				10.00		10.00
TOTALS	1930 54	5 254 23	7 184 77	1871.52	4860.04	6731.56

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Aug. 16, 52 *Payee Ambassador Mines Corporation

Per E. J. Fisher Title Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

→ NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of 10% withheld ($675.00)

$ 598.26

Signature (Authorized Certifying Officer)

Date 10/30/52 Vou. No. (See other side)

10% withheld on final payment until 50% figured on 1196.52 audit.

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. ..... in accordance with the terms of the contract.

Signature ..... Title ..... Date .....

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature ..... Title ..... Date .....

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(*a*) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(*b*) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(*c*) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 3 1952

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

Month of July 1952 Docket No. DMEA 1603 K Contract No. 2d-P-113
Operator's Name Ambassador Mines Corporation Minerals Lead
Address 401 Empire State Bldg., Spokane 1, Wash.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
~~Winzes~~ Section				200 00				200 00
Drilling: Core	FT	1 800 00	150	3 340 77	700	0 00	1000	4 000 00
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1800 00	150	7 184 77				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
TOTAL COSTS								

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Aug. 10, 1952 Operator Ambassador Mines Corp.

Per E. J. Fisher Title Treasurer

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF-104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF-104A has been designed to tie in with Form MF-104 for both monthly and cumulative costs. The "Total Costs" on Form MF-104A for each month should equal the monthly "Total Costs" as reported on Form MF-104. This is also true of the "Total Costs To Date".

In preparing Form MF-104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

/

August 7, 1952.

Trout Creek, Montana

Defense Minerals Administration,
Bureau of Mines
1201 North Division S treet,
Spokane 2, Washington.

Re: Ambassador Mines Corporation
Contract No. Idm-E-113
Docket No. DMA 1593 X

Gentlemen:

Subject: Progress Report for July, 1952.

At the beginning of the month drillers were stalled at a depth of one hundred twelve (112) feet by a cave.

It was then agreed that they may ream to A. X. size and case at an extra cost to us of $2.50 per foot.

That effort was made and the drillers failed to make a proper contact and could not do the reaming. Whereupon, they agreed to drill a new hole A X to the extent of 112 feet for the same price as reaming, $2.50 per foot.

Consequently, our progress for the month of July was 112 feet A. X. hole as substitute for reaming and 155 feet of E. X. hole at the regular contract price of $3.25 per foot.

Total footage, two hundred sixty seven feet.

Yours very truly,

AMBASSADOR MINES CORPORATION

M. J. Unger

M. J. Unger, President

AMBASSADOR MINES CORPORATION

Contract No. IDM-E-113 Docket No. DMA 1593 X

PAYROLL July 1952

SUPERVISION

		S.S.No.	Rate of Pay	Time Worked	Amt Earned	Deduc-tions	Net Paid
M. J. Unger	June	536-30-1688			$340.98	$39.81	$301.17
M. J. Unger	July	536-30-1688	$300/Mo & board	1 Mo.	327.83	36.42	291.41
					$668.81	$76.23	$592.58

I hereby certify above payroll is correct.

E. J. Parker Treasurer.

		Social Security	Withholding Tax	Unemployment Insurance	Workmen's Compensation
M. J. Unger, Manager	June	$5.11	$34.70	$9.21	$19.09
M. J. Unger, Manager	July	4.92	31.50	8.85	26.23
		$10.03	$66.20	$18.06	$45.32

NOTE: Social Security is figured at 1½% of employee's payroll.
Unemployment Insurance is figured at 2.7% of employee's payroll.
Workmen's Compensation is figured at 8% of employee's payroll. (Rate was raised from 5.6% to 8% on July 1, 1952.

AMBASSADOR MINES CORPORATION

Contract No. IDM-E-113 Docket No. DMA 1593 X

ANALYSIS OF EXPENDITURES July 1952

		Depreciation	Power	Supplies
Trammaire	18 days at $2.50	$ 45.00		
Compressor	18 days at $6.20	111.60		
Light Plant	1 Mo.	10.00		
630 Gal. gas.	at $25.90		$163.17	
5 Gal. Oil	at .73		3.65	
Gill-Adams, Inc.				$11.95
		$166.60	$166.82	$11.95

No receipt for gas and oil as amount of charge covers actual gallons used from stock on hand.

No federal tax was charged on gas.

Standard Form No. 1034a—Revised
Form prescribed by
Comptroller General, U.S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Vou. No. IMA-320

U. S. Interior, Mines
(Department, bureau, or establishment)

Voucher prepared at Albany, Oregon 8/8/52
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E 113

To Ambassador Mines Corporation,
(Payee)

416 Empire State Building, Spokane 8, Washington
(Address) (City) (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
		Discount Terms net					
	May (Supple) 1952	As per attached certified Form MF-104 dated July 9, 1952				187	10
	June 1952	As per attached certified Form MF-104 dated July 12, 1952				664	25
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					

Shipped from to Weight Government B/L No. Total 851 35

(Payee must NOT use this space)

Differences .....

Account verified; correct for 851 35

(Signature or initials) .....

Contract No. Idm-E 113 Date Req. No. Date Invoice Rec'd.

851.35

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior	851.35	851.35

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.

   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.).

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22000a-2

Form MF-104 (Rev.)
(April 1952)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

Budget Bureau No. 42-R1036.3.
Approval expires 6-30-53.

OPERATOR'S MONTHLY REPORT AND VOUCHER

5

Month of June, 1952 Docket No. DMEA 1593 X Contract No. Idm-E-113
Operator's Name Ambassador Mines Corporation Minerals Lead & Zinc
Address 401 Empire State Bldg., Spokane 1, Wn.
Contract Amount, $ 23,049.00 Government Participation: 50 % Amount, $ 11,504.50

ITEMS OF COSTS	FOR OPERATOR'S USE			FOR GOVERNMENT USE ONLY		
	Monthly Total	Totals Previously Reported	Totals To Date	Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(1) ~~Independent~~ Short Form Contracts:						
Drilling	1004.25	430.00	1434.25			
Bulldozing						
Crosscutting						
Drifting						
(2) Labor and Supervision:						
Labor	72.50	864.00	936.50			
Supervision	340.98	714.76	1055.74	—		
Technical Services						
(3) Operating Mat'ls. and Supplies:						
Timber						
Explosives						
Pipe						
Track						
Gas & Oil	66.69	237.58	304.27			
D.D. supplies		680.02	680.02			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation	168.69	684.67	853.36	118.75		
(5) Initial Rehabilitation and Repairs						
(6) New Bldgs., Improvements, etc.						
(7) Miscellaneous:						
Repairs to Equipment		1.85	1.85			
Sampling and Analysis						
Payroll Taxes	40.51	170.21	210.72	7.10		
Liability Insurance 1/12	4.20	4.20	8.40	4.20		
Accounting	55.00	50.00	105.00	55.00		
Transportation		87.45	87.45			
(8) Contingencies (specify):						
TOTALS	1752.82	3924.74	5677.56	1328.49	3531.55	4860.04

I certify that the above bill is correct and just and that payment therefor has not been received.

Date July 12, 1952 Payee AMBASSADOR MINES CORP.

Per E. J. Fisher Title Treasurer

*When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

(Instructions on reverse)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

MP

$ 664.25

Signature
(Authorized Certifying Officer)

Date Vou. No.
(See other side)

(For Government use only)

CERTIFICATION BY GOVERNMENT REPRESENTATIVE:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating a Defense Minerals Exploration Administration project under Contract No. DMEI13 in accordance with the terms of the contract.

Signature Anna F. Perno Title Min Engr Date 7-22-52

APPROVAL BY DMEA EXECUTIVE OFFICER OR ALTERNATE:

Signature Thomas E Howard Title Mining Engr. Date 7-22-52

MONTHLY REPORT OF OPERATOR

The Operator (Contractor) of an exploration project is required to make a monthly report to the Government through the Regional Executive Officer. This report consists of three parts as follows:

(a) *Form MF-104—Operator's Monthly Report and Voucher.*—This form details expenditures and constitutes a voucher for reimbursing the Operator for the Government's share of costs;

(b) *Form MF-104A—Operator's Unit Cost and Progress Report.*—This is a statistical report of expenditures which shows costs for the various types of operation; and

(c) *Narrative.*—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered must be furnished as an attachment to this Report and Voucher. Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

The Monthly Report of Operator should be prepared in an original and four copies all of which must be sent to the Executive Officer of the Region not later than the 15th of the month following.

Preparation of Form MF-104—Operator's Monthly Report and Voucher.—All the applicable spaces in Form MF-104 should be filled in by the Operator, and the Operator or his agent should sign the certification in the lower left corner of the form.

The items of costs are arranged in the order they appear in Article 6 (a) of Form MF-200 (Revised February 1952), however, this form is readily adaptable for use in reporting activities under other contract forms.

Under Item (1) delete words "Short Form" if the contract is a sub-contract under Form MF-200; and delete word "Independent" if the contract reported is on Form MF-200 (A). Also, report work paid for on a unit basis under contract Form MF-200 as though it were performed under an independent contract.

Under Item (2) include labor, supervision and technical services incurred for the exploratory operations. Do not include labor, supervision and technical services used for work performed under items (5) and (6).

Under Item (3) include the costs of material and supplies used in the project other than that used under items (5) and (6).

Under Item (4) appear the three types of operating equipment expenditures, that is, rental, purchase and depreciation. The expenditures made for renting equipment belonging to a third party will be reported under "Rental". The amount paid or duly obligated for payment for the purchase of equipment will be reported under "Purchase". The amount of expenditures due the Operator to reimburse him for depreciation of equipment owned will be reported under "Depreciation".

Item (5) comprises costs of labor, supervision, technical services, materials, etc., which are used in the initial rehabilitation and repair of existing buildings, installations, fixtures, and equipment. These costs, therefore, should not be reported under items (2) and (3).

Item (6) includes the labor, supervision, technical services, materials, etc., used in the installation or construction of new buildings, fixed improvements, etc., necessary for the project. These costs, therefore, should not be reported under items (2) and (3).

Item (7) covers miscellaneous types of expenditure such as payroll taxes, liability insurance, workmen's compensation insurance, repairs to equipment and sampling and analysis. Only that part of payroll taxes, liability insurance and workmen's compensation which are paid by the operator should be reported under item (7). The share paid by the employee as a payroll deduction is to be included under item (2) as labor costs.

Item (8) includes any unforeseen costs not included in the other seven categories.

The original of Form MF-104 when submitted for reimbursable expenses incurred under contract Form MF-200 must be supported by original documentation or by certified copies of purchase orders, payrolls or transcripts of payrolls, unless such documentation has been waived by the Regional Executive Officer. This certification may be stated thus, "Certified True Copy (or Transcript)", followed by appropriate signature. If the Executive Officer of the Region determines that a contract under Form MF-200 should have an "on-site" audit, that is, a Government auditor should make an audit of the Operator's books and records of account, the Operator need not support his monthly voucher with original or certified documents except in cases of equipment purchases whose individual costs exceed $50.00. In these cases the original or a certified copy of the purchase order or invoice should be attached to the Monthly Voucher. N. B.—Only the *original* of Form MF-104 is required to be documented. The four copies of Form MF-104 are not to be thus supported.

Form MF-104 submitted for reimbursement under fixed price contracts on Form MF-200 (A), however, are not required to be supported by documentation of any kind. The Operator will submit his claim under item (1) of Form MF-104 by deleting as stated above the word "Independent" and by showing the number of feet or other units immediately after the appropriate descriptive word, such as, drilling, bulldozing, crosscutting, drifting, etc., and giving the "Monthly Total" amount due. "Totals Previously Reported", and "Totals to Date" columns should also be filled in.

U. S. GOVERNMENT PRINTING OFFICE 205675

Form MF-104A
(April 1952)

Budget Bureau No. 42-R1151
Approval expires 6-30-53.

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

OPERATOR'S UNIT COST AND PROGRESS REPORT

5

Month of June 1952 Docket No. DMEA 1593 X Contract No. Idm-E
Operator's Name AMBASSADOR MINES CORPORATION Minerals Lead & Zinc
Address 401 Empire State Bldg., Spokane 1, Wash.

OPERATION	UNIT	COSTS THIS MONTH	UNITS THIS MONTH	COSTS TO DATE	UNITS TO DATE	UNIT COSTS TO DATE	AUTHORIZED BY CONTRACT	
							Units	Unit Costs
Drifting								
Crosscutting								
Raising								
Shafts								
Winzes		1752.82	547		847			
Drilling: Core	ft.	~~1004.25~~	~~300~~	1434.25	~~609~~	2.35½	1000	6.50
Churn								
Auger								
Stripping								
Trenching								
Test Pits								
Roads and Trails								
TOTAL DISTRIBUTED COSTS		1752.82 ~~1004.25~~	547 ~~300~~	1434.25				TOTAL COSTS AUTHORIZED BY CONTRACT
Operating Equipment Purchased								
Initial Rehabilitation and Repairs								
New Buildings, Improvements, etc								
TOTAL COSTS								

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date July 9, 1952 Operator AMBASSADOR MINES CORP.

Per E. J. Fisher Title Treasurer

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

REMARKS:

(Instructions on reverse)

(For Government use only)

INSTRUCTIONS

Preparation of Form MF–104A—Operator's Unit Cost and Progress Report.—Applicable places on Form 104A should be filled in by the Operator. The purpose of this form is twofold as follows: (1) to furnish the supervising engineers and other administrators with statistical information necessary to better determine the progress of the project; and (2) to furnish more permanent information on mining costs for future use. The more important phases of operation on which permanent information is desired have been outlined in the form. There are blank lines, however, for those unusual phases which may need to be reported for a particular project. It will be necessary for the Operator to distribute his costs among the applicable phases reported with the exception of three items the costs of which are not to be distributed by the Operator. These three items are: "Operating Equipment Purchased", "Initial Rehabilitation and Repairs", and "New Buildings, Improvements, etc." The reason for not distributing these items on a monthly basis is doubtless clear to the Operator, since such distribution might well overstate the cost for any one month or period short of the entire contract period.

Form MF–104A has been designed to tie in with Form MF–104 for both monthly and cumulative costs. The "Total Costs" on Form MF–104A for each month should equal the monthly "Total Costs" as reported on Form MF–104. This is also true of the "Total Costs To Date".

In preparing Form MF–104A, it will be necessary frequently to distribute certain costs over a number of items. For instance, supervisory and engineering costs may have to be distributed over several phases, such as, drifting, crosscutting, raising, etc., provided that these items were reported active for the month. Such distributions should be made on the basis of time spent on the various phases, on man days of labor charged to such phases, or on some other equitable basis. "Operating Equipment", "Initial Rehabilitation and Repairs", and "New Buildings Improvements, etc.", will be distributed to the several phases of the project by the Washington Office of DMEA at the close of the project if determined necessary. The last two columns headed "Authorized by Contract" will be filled in by the Operator if such information is found in the contract. This information is usually a part of Exhibit "A" of the contract. A space for remarks has been provided for the use of the Operator to call attention to any unusual circumstances causing excessive or disproportionate unit costs.

U. S. GOVERNMENT PRINTING OFFICE 205676

AMBASSADOR MINES CORPORATION

Contract No. Idm-E-113 Docket No. DMA 1593 X

PAYROLL JUNE, 1952

Supervision		S. S. NO.	Rate of Pay	Time worked	Amt. Earned	Deductions	Net Paid
M. J. Unger		536-30-1688	$300 per Mo.	1 Mo.	$230.98	$39.81	$301.17
Payroll							
August Hess	Miner	566-01-6785	12.50 " day	1 day	12.50	1.33	10.62
Herbert Wilson	"	519-03-9082	12.00 " "	5 "	60.00	4.90	55.10
					$72.50	$6.73	$65.72

I hereby certify above payroll is correct as based on amount paid to employees for the month of June, 1952, and is prorated for the time actually worked on operations specified in DMA contract.

E. J. Fisher Treasurer

		Social Security	Withholding Tax	Unemployment Insurance	Workmen's Compensation
M. J. Unger	Manager	$5.11	$34.70	$9.21	$19.09
August Hess	Miner	.18	1.70	.34	.70
Herbert Wilson	"	.90	4.00	1.62	3.36
		$6.19	$40.40	$11.17	$23.15

NOTE: Social Security is figured at 1-1/2% of employees' payroll
Unemployment Insurance is figured at 2.7% of employees payroll
Workmen's Compensation is figured at 5.6%* of employees payroll.

*Increased to 8% after July 1, 1952.

AMBASSADOR MINES CORPORATION

Contract No. Idm-E-113 Docket No. DMA 1593 X

ANALYSIS OF EXPENDITURES June, 1952

		Depreciation	Power
Trammaire 21 days		$ 52.50	
Compressor 8 "		99.20	
Light Plant	1 Mo.	10.00	
Mucking Machine	1 day	3.33	
Drifter	2 "	2.00	
2 Mine Cars	2 "	1.66	
250 gals. Gasoline	at 25.8 ¢		$ 64.50
3 " Oil	" 73¢		2.19
		$168.69	$ 66.69

No receipt for gas and oil as amount of charge covers actual gallons used from stock on hand.

No refund of tax as this gas was purchased in October, 1951, and not used within required six months.

W. Rulon Lee

July 23, 1952

T. E. Howard

June 1952 invoice, United Minerals Corporation,
Contract Idm-E18

The subject report is transmitted herewith for vouchering. It is approved with the following exceptions.

1. The total amount allowed for rehabilitation and repairs in Amendment No. 3 has been exceeded.

2. Transportation in the amount of $214.10 is not allowable under the contract.

T. E. Howard

401 xx

x
1

July 3, 1952

Defense Minerals Administration
Bureau of Mines
1201 No. Division St.
Spokane 2, Washington

Contract No. Idm-E 113
Docket No. DMA 1593 X

Gentlemen:

Herewith reports of progress at the Ambassador Mines near Trout Creek, Montana, for the month of June.

Diamond drilling consisted of Hole No. 1 penetrating the Lulu Vein at approximately 130 feet, and carried on to a total length of 197 feet.

This hole was drilled very parallel with the tunnel, a setback of 255 feet and a dip of 45%. With no assay, I would say from the looks of the quartz recovered, it is of a rather lean quality.

Hole No. 2 was started from the same station as No. 1 with a 45% dip, east 200.

This hole at the close of the month was 112 feet. Shortly before reaching this depth, a cave was encountered which forced us to consider reaming and casing before further advance can be made.

Further progress will be reported in our next report.

Very truly yours,

AMBASSADOR MINES CORPORATION

M. J. Unger
President

MJU/t

Enc.

50

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

So. 157 Howard Street
Spokane 4, Washington

June 26, 1952

Memorandum

To: A. E. Weissenborn, Exec. Officer, DMEA Field Team, Region II

From: R. E. Wallace, Geologist, U. S. Geological Survey
J. W. Hosterman, Geologist, U. S. Geological Survey

Subject: Ambassador Mine, Sanders County, Montana, Routine examination, June 19, 1952, Docket DMEA-1595, Lead.

The Ambassador mine was visited and examined in the company of Mr. Arthur Hess and Mr. M. J. Unger on June 19, 1952.

DMEA diamond drill hole, aimed at crossing the Lulu vein under the old shaft position, had reached a length of 179 feet without having shown the Lulu vein. With a dip of 45° northeast for the vein and a drill-hole plunge of 47°, the hole should cross the vein at about 180 feet. It was suggested that the hole not be drilled more than 220 feet, for that length would allow an intersection of the vein even if it steepened to a 60° dip.

Mr. Hess had been doing exploratory work on the Wanda vein, and had dug several prospect trenches along what he believed to be the strike of the vein. The strike of the vein appears to be about N. 87° W. and the vein dips 45° northeast. The Wanda vein is in a monzonite stock about 100 feet wide.

Mr. Unger indicated that he was anxious to use some of the contract drilling to test the Wanda vein by drilling from the main crosscut with a hole aimed under the old shaft sunk from the surface where high-grade values were obtained. After examining this surface showing, the examiners urged Mr. Unger not to attempt this test of the Wanda vein, as it was felt the Wanda vein was too poorly known on the surface as yet, and very possibly represented a vein of only limited extent as along its strike it seems to be limited to a very small stock, probably an apophysis of the

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 14 1952

Granite Creek stock. Mr. Unger was urged instead to concentrate on the Lulu vein for the present and to try one or two more drill holes aimed west of the main crosscut and one or two aimed east of the main crosscut.

cc: USBM
DMEA (2)
USGS (SRO)
R. E. Wallace & J.W. Hosterman

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No.
Idm-E 113

SUPPLEMENTAL REPORT

Name of Operator AMBASSADOR MINES CORPORATION
Docket No. DMA 1593 X
Total Contract Amount $ 23,049.00
Government Participation: 50 % Amount, $ 11,504.50
Distribution of Expenditures for Month of May, 1952

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

AMBASSADOR MINES CORPORATION
(Name of Company)

By E. F. Fisher
(Signature of Authorized Official)

July 9, 1952
(Date)

Secretary-Treasurer
(Title)

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

16—64068-3

MONTHLY SUMMARY COST STATEMENT

List as Shown on Exhibits Attached to Contract

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only		
				Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
1. Fixtures and Improvements:						
(*a*) Facilities						
(*b*) Buildings						
(*c*) Fixtures						
2. Operating Equipment:						
(*a*) Purchased[1]						
(*b*) Rented[2]						
(*c*) Furnished by operator						
3. Rehabilitation and Repairs:						
(*a*) Facilities						
(*b*) Buildings						
(*c*) Installations						

AMBASSADOR MINES CORPORATION

Contract No. Idm-E-113 Docket No. DMA 1593 X

Supplemental Payroll MAY 1952

		S.S. No.	Rate of Pay	Time Worked	Amount Earned	Deductions	Net Paid
Supervision	Manager	536-30-1688	$300 per Mo.	20 days	$200.00	$20.80	$179.20
Payroll							
August Hess	Miner	566-01-6735	$350 per Mo.	6 ds. at $12.50	75.00	8.30	66.70
Herbert Wilson	"	519-03-9082	12.00" day	7 ds.	84.00	4.39	79.61
					$159.00	$12.69	$146.31

I hereby certify that above payroll is based on amount paid employees for the month of May and is prorated for the time actually worked on operations specified in contract with Defense Minerals Administration.

E. A. Fisher
Treasurer

	Social Security	Withholding Tax	Unemployment Compensation	Compensation Insurance
M. J. Unger	$ 3.00	$ 17.80	$ 5.40	$ 11.20
August Hess	1.13	7.17	2.03	4.20
Herbert Wilson	1.26	3.13	2.37	4.70
	$ 5.39	$ 28.10	$ 9.70	20.10

NOTE: Social Security is figured at 1-1/2% of employees' payroll.
Unemployment Compensation is figured at 2.7% of employees' payroll.
Compensation Insurance is figured at 5.6% of employees' payroll.

MONTHLY SUMMARY COST STATEMENT—Continued

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(d) Fixtures						
4. Labor[3]	159.00	705.00	864.00			
5. Supervision	200.00	643.89	843.89			
6. Supplies						
(a) Timber						
(b) Explosives						
(c) Repair Parts						
(d) Other						
7. Power						
8. Transportation						
9. Insurance						
(a) Fire						
(b) Public Liability						
(c) Workmen's Compensation	20.10	84.37	104.47			
SS & Unemp. Comp.	15.09	51.65	66.74			
10. Contract Work						
11. Other (specify)						
Total	394.19	1,484.91	1,879.10			
Deletions						
Adjusted totals						
Totals previously reported						
Totals to date				394.19	3531.55	3925.74

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by M Purdy
Entered by
Approved by Glenn Reid
Amount approved for payment 187.10
Remarks

16—64068-3

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF May, 1952

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress [4]				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes										
Overburden Station	$59.00			34.19						
Rehabilitation and preparation										
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
	$59.00			34.19						
Totals										

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

AMBASSADOR MINES CORPORATION
416 Empire State Bldg.
Spokane 8, Wash.

Trout Creek, Montana
June 8, 1952

Defense Minerals Administration
Bureau of Mines
1207 N. Division St.
Spokane 2, Washington

Re: Contract No. Idm-E113
Docket No. DMA 1593X

Gentlemen:

SUBJECT - PROGRESS REPORT FOR MAY 1952

Preliminary work to reopen operations at the Ambassador Mines Corporation property was started on May 10, 1952. Road to mine was cleared of slides and boulders by use of bulldozer; camp was established; compressor which had been taken out for an overhaul was reinstalled, track in tunnel was cleared; one air receiver tank was moved and truck was repaired.

The company then proceeded to blast and muck out station preparatory to starting diamond drilling in accordance with contract with DMA.

A contract with C. L. Shepherd of Wallace, Idaho, was prepared and submitted and was awaiting signatures as of May 31, 1952.

Diamond drilling will start shortly after June 1, 1952.

Three hundred feet of lumber valued at $24.00 was used for timbering station.

An engineer has been employed to do some extensive exploration on surface but during the month of May gave assistance in rehabilitating camp and preparing station and has been classed in the capacity of a miner in making this report.

Yours very truly,

M. J. [illegible] /s/

President

-104
ust 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

Contract No.
Idm-E 113

Wash

Name of Operator Ambassador Mines Corporation
Docket No. DMA 1593 X
Total Contract Amount $23,049.00
Government Participation: 50 % Amount, $11,504.50
Distribution of Expenditures for Month of May, 1952

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Ambassador Mines Corporation
(Name of Company)

By E. F. Fisher
(Signature of Authorized Official)

May 10, 1952
(Date)

Secretary-Treasurer
(Title)

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

16—64068-3

MONTHLY SUMMARY COST STATEMENT

List as Shown on Exhibits Attached to Contract

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
1. Fixtures and Improvements:						
(a) Facilities	None	None				
(b) Buildings	None	None				
(c) Fixtures	None	None				
2. Operating Equipment:						
(a) Purchased[1]	None	None				
(b) Rented[2]						
Diamond Drill		430.00	430.00			
* (c) Furnished by operator						
Trammaire	37.50	132.50	170.00			
Compressor 6 ds.	42.00	329.30	371.30	37.20		
1/2 Mo. Light Plant	5.00	18.00	23.00			
Fan	10.00	36.00	46.00			
3. Rehabilitation and Repairs:						
(a) Facilities						
(b) Buildings						
(c) Installations						
*Mucking Machine	50.00		50.00			
*Mine Cars	25.00	2/3 mo.	25.00	16.67		
*Drifter	1[illegible]50		12.50	[illegible]		

16—64068-3

Standard Form No. 1034a—Revised
Form prescribed by
Comptroller General, U. S.
September 7, 1950
(Gen. Reg. No. 51, Supp. No. 11)

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

D. O. Vou. No. .....

Bu. Vou. No. DMA-285

U. S. Interior, Mines
(Department, bureau, or establishment)

Voucher prepared at Albany, Oregon 7/8/52
(Give place and date)

THE UNITED STATES, Dr., Payee's Account No. Idm-E 113

To Ambassador Mines Corporation,
(Payee)

416 Empire State Bldg., Spokane 1, Washington
(Address) (City) (State)

PAID BY

(For use of Paying Office)

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary) Discount Terms net	QUANTITY	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT Dollars	AMOUNT Cts.
	May 1952	As per attached certified Form MF-104 Dated May 10, 1952				121	17
PAYMENT: Complete ☐ Partial ☐ Final ☐		Use continuation sheet(s) if necessary					
Shipped from	to	Weight	Government B/L No.		Total	121	17

(Payee must NOT use this space)

Differences .....

Account verified; correct for .....

(Signature or initials) .....

121.17

Contract No. Idm-E 113 Date Req. No. Date Invoice Rec'd.

121.17

MEMORANDUM

ACCOUNTING CLASSIFICATION (For completion by Administrative Office)

Appropriation, limitation, or project symbol	Appropriation title	Limit'n. or Proj't. Amount	Appropriation Amount
14X4401	Revolving Fund, Defense Production Act, Interior	121.17	121.17

Allotment symbol	Amount	Obligations liquidated	COST ACCOUNT Symbol	COST ACCOUNT Amount	OBJECTIVE CLASSIFICATION Symbol	OBJECTIVE CLASSIFICATION Amount

Paid by { Check No. ..... dated ....., 19....., for $..... } on Treasurer of the United States in favor of payee named above.
{ Cash, $....., on ....., 19.....

16—22900a-2

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.
   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.).

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036—Revised should be used for abstracting the method of or absence of advertising and award of contract. (See General Regulations No. 51, as amended.)

U. S. GOVERNMENT PRINTING OFFICE : 1950 O—75805

16—22000a-2

MONTHLY SUMMARY COST STATEMENT—Continued

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(d) Fixtures						
4. Labor[3]	568.10	705.00	1273.10	—o—		
5. Supervision	300.00	643.89	943.89	—o—	514.76	
6. Supplies						
(a) Timber						
(b) Explosives						
(c) Repair Parts		1.85	1.85			
(d) Other		680.02	680.02			
7. Power Gas & Oil	19.28	218.30	237.58			
8. Transportation	35.00	87.45	122.45	—o—		
9. Insurance						
(a) Fire						
(b) Public Liability 1/12	4.20		4.20			
(c) Workmen's Compensation	48.61	84.37	132.98	—o—		
S.S.& Unemp.Comp.	35.20	51.65	86.85	—o—		
10. Contract Work						
11. Other (specify)						
Accounting	50.00		50.00			
Total	1242.39	3418.33	4660.72			
Deletions		129.13	129.13			
Adjusted totals		3289.20	4531.59			
Totals previously reported	3289.20					
Totals to date	4531.59			242.35	3,289.20	3,531.55

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by [signature]
Entered by
Approved by [signature]
Amount approved for payment $ 121.17
Remarks

16—64068-3

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF May, 1952

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress[4]				
	Wages[1] and salaries	Equipment[2]	Supplies	Other[3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes						Ft.	300	0	300	700
Overburden Station	234.00				234.00					
Rehabilitation and preparation	634.10			374.29	1008.39					
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals	868.10			374.29	1242.39					

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

Rentals	182.00	
Power	19.28	
Transportation	35.00	
Workmen's Comp.	48.61	
S.S. & Unemp. Comp	35.20	
Accounting	50.00	
Insurance	4.20	374.29

MF-104
(August 1951)

Budget Bureau No. 42-R1036.2.
Approval Expires 6-30-52.

DEFENSE MINERALS ADMINISTRATION
WASHINGTON, D.C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION

FEB 18 11 18 PM 52

Contract No.
Idm-E 113

Name of Operator AMBASSADOR MINES CORPORATION
Docket No. DMA 1593X
Total Contract Amount $ 23 049 00
Government Participation: 50 % Amount, $ 11 504 50
Distribution of Expenditures for Month of Sept. 7, 1951 to October 30, 1951

Wed.

STRATEGIC AND CRITICAL MINERAL EXPLORATION PROGRAM
OPERATOR'S MONTHLY PROGRESS REPORT

Operators are to submit monthly reports to the designated field representative of the Defense Minerals Administration. Reports are to be submitted in quadruplicate prior to the 15th day of the month following the reporting period.

Narrative.—A concise narrative description of progress made, results accomplished, and any unusual difficulties encountered is to be furnished.

Maps.—Wherever possible, the narrative is to be illustrated with maps or sketches showing formations penetrated and location and assays of samples taken as well as advances in workings. In the case of diamond drilling or churn drilling, the location and inclination of holes is to be shown on a map; logs and assays also are to be submitted.

Cost Accounts.—All applicable parts of this form are to be filled in. This report will form the basis for payments of the Government's participating share of expenses. Audits of accounts may be made from time to time.

CERTIFICATION

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Ambassador Mines Corporation
(Name of Company)

By E. J. Fisher
(Signature of Authorized Official)

January 28, 1952
(Date)

Secretary-Treasurer
(Title)

NOTE.—Title 18, U. S. Code (Crimes), section 1001, makes it a criminal offense to make a willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction.

16—64068-3

MONTHLY SUMMARY COST STATEMENT

List as Shown on Exhibits Attached to Contract

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only		
				Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
1. Fixtures and Improvements:						
(a) Facilities	None		None			
(b) Buildings	None		None			
(c) Fixtures						
2. Operating Equipment:						
(a) Purchased[1]	None		None			
(b) Rented[2]						
Dia. Drill Equip.	430 00		430 00			
(c) Furnished by operator						
Tranmaire	132 50		132 50			
Compressor	329 30		329 30			
Light Plant	18 00		18 00			
Pan	36 00		36 00			
3. Rehabilitation and Repairs:						
(a) Facilities	None		None			
(b) Buildings	None		None			
(c) Installations	None		None			

AMBASSADOR MINES CORPORATION

401 ~~4th~~ EMPIRE STATE BUILDING
SPOKANE ~~8~~ 1, WASHINGTON

Jan. 29, 1952

Defense Minerals Administration
Bureau of Mines
1207 N. Division St.
Spokane 2, Wash.

Gentlemen:

When our contract was approved Aug. 24 we had decided to put a diamond drill hole in the face of our tunnel, a distance of 300 feet. Equipment had been rented and was being set up at the time contract was approved. Since this work was not included in our original contract, we submitted an amendment to have this diamond drilling program made a part of this contract. Amendment was approved Sept. 1.

In our first hole we encountered some difficulty in drilling at a distance of 90 feet from the face and a new hole was started Sept. 7. All expenses are dated from Sept. 7. This hole was completed Oct. 29, a distance of 300 feet.

We have tried to get an engineer to map our tunnel and log the core. Late in October we secured the services of a man but before he could complete his work we closed the camp and snow on the road made it impossible for him to finish the work. This will be completed and maps and core log submitted just as soon as we can get into camp in the spring. At this time we expect to contract the drilling on the Lulu vein.

Yours very truly,

AMBASSADOR MINES CORPORATION

E. T. Fisher

~~Vice-President~~
Secretary

DL/T

MONTHLY SUMMARY COST STATEMENT—Continued

Item	Monthly Total	Totals Previously Reported	Totals to Date	For Government Use Only: Approved Monthly Total	Approved Totals Previously Reported	Approved Totals To Date
(d) Fixtures	None		None			
4. Labor[3]	705 00		705 00			
5. Supervision	643 89		643 89			
6. Supplies						
(a) Timber						
(b) Explosives						
(c) Repair Parts	1 85		1 85			
* (d) Other	680 02		680 02			
7. Power Gas & Oil	218 30		218 30			
8. Transportation	87 45		87 45			
9. Insurance						
(a) Fire						
(b) Public Liability						
(c) Workmen's Compensation	84 37		84 37			
** Soc Sec Tax & U. C.	51 65		51 65			
10. Contract Work						
11. Other (specify)						
Total	3418 33		3418 33			
Deletions						
Adjusted totals						
Totals previously reported	None					
Totals to date	3418 33					

[1] Enter amount paid during month toward total purchase price.
[2] Payments for rental of equipment or prorated depreciation on equipment owned by contractor.
[3] Submit copy of the Social Security form filed under the Old Age Insurance system showing complete wage and salary data or furnish copy of payroll sheet giving same data.

NOTE.—Indicate that portion of supervisory, office, and engineering salaries that is chargeable to this project.

FOR GOVERNMENT USE ONLY

Checked by
Entered by
Approved by Paul V. Pino
Amount approved for payment
Remarks

16—64068-3

* Diamond Drill supplies as per attached invoices
** Social Security tax and Unemployment compensation

EXPLORATION UNIT COST AND PROGRESS REPORT FOR MONTH OF Oct. 1 to Oct. 31, 1962

(Supply Data Below Applicable Only to Your Operations)

Item	Costs					Progress [4]				
	Wages [1] and salaries	Equipment [2]	Supplies	Other [3]	Total	Unit	Units this month	Units previously reported	Units to date	Units authorized by contract (Exhibit A)
Drifting										
Crosscutting										
Raising										
Shafts										
Winzes										
Drill holes	1348 09	945 80	691 87	441 77	3418 33	Ft.	300	None	300	300
Overburden										
Rehabilitation and preparation										
Geology and geophysics										
Trenching										
Sampling and assaying										
Roads and trails										
Test pits										
Other (specify)										
Totals	1348 09	945 80	691 87	441 77	3418 33	Ft	300	None	300	300

[1] Prorate supervisory, engineering, and office salaries in proportion to man-shifts of direct labor.
[2] Prorate charges for equipment that is not exclusively for one type of job (such as compressors) against authorized units of work in each category.
[3] Where entries in the "Other" column (above) are more than 25 percent of the total expenditures, a breakdown of this item should be made.
[4] Specify whether feet, cubic feet, acres, miles, etc.

16—64068-3 U. S. GOVERNMENT PRINTING OFFICE

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D.C. 500

April 29, 1954

PROJECT SUMMARY REPORT

By: W. R. Griswold

1. Docket No. DMA-1593 (Lead-Zinc)
Contract No. Idm-E113
Property: Ambassador Mine
Location: Sanders County, Montana

Operator: Ambassador Mines Corp.,
401 Empire State Bldg.,
Spokane, Washington

Operator's Property Rights:
Lease and purchase option dated January 16,1950

2. Contract dated August 24, 1951

Work Authorized

500 ft. of crosscutting at $25	$ 12,500.00
Cutting one drill station	250.00
700 ft. diamond drilling at $6.50	4,550.00
Assaying	50.00
Equipment purchases	550.00
Equipment rental, 6 months	2,766.00
Fixtures (track, pipe, spikes)	578.00
Supervision	1,800.00
	$ 23,049.00
Government participation 50%	$ 11,524.50

Amendments

No. 2, dated May 1, 1952
Changes location of diamond drilling.

Work Completed

764 ft. diamond drilling at $9.122	$ 6,969.36
Government participation 50%	$ 3,484.68

Work terminated August 27, 1952.

3. Audit Certificate issued January 15, 1953.

4. No certification of discovery.

5. Comments:

Greenish-gray to medium gray argillaceous quartzites and fine grained quartzites of the pre-Cambrian Prichard formation are exposed in the Lulu tunnel from which the diamond drilling was done. Monzonite is exposed at several places in the adit as dikes and at one place the monzonite may be correlated with a monzonite outcrop of stock-like proportions exposed east of the portal in the creek bottom and in several trenches on the hill slope above the mine.

764 feet of diamond drilling was done in three holes to explore the Lulu and the Wanda veins. Results were completely negative, so much that the project was terminated before completion. It would be unlikely that any reason might exist to warrant further work in this property.

Costs were unduly high due to the Operator's inexperience.

W. R. Griswold

☒ Audited

☐ Certified

RK ANALYSIS SHEET - DMEA PROJ

Analysis as of 12/6/54.
Incl. Voucher for July, 1952.

☒ Actual Cost

☐ Agreed Unit Costs

Name Ambassador Mines Corporation

Docket No. DMEA-1593X

State Montana

Commodity Lead-Zinc

Idm-E No. 113

OPERATION	AUTHORIZED Units	AUTHORIZED Cost	COMPLETED Units	COMPLETED Cost	NET COST
Drifting & Crosscutting	500'	$12,500.00			
Raising					
Shafts					
Winzes					
Drilling (Specify) diamond + 1 drill station	700'	4,800.00	764'	$6,969.36	$6,969.36
Surface Excavation					
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased		555.00			
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify) assaying, supervision etc.		5,194.00			
Totals		$23,049.00		$6,969.36	$6,969.36

Prepared by A. P. Klugescheid

500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

February 9, 1955

Memorandum

To: Chief, Contract Administration & Audit Division

From: Chief, Base Metals Division

Subject: Contracts for which no closing letters will be prepared

We have been advised not to prepare closing letters for the following contracts as too long a period has passed since the completion or termination of these contracts.

Docket No.	Contract No.	Operator
1593	Idm-E113	Ambassador Mines Corporation
1936	E160	Sun Valley Lead-Silver Mines, Inc.
2037	E159	Amadee Peugnet
1630	E182	American Zinc, Lead & Smelting Co.
208	E226	Linton Mines
2034	E273	White Pine Lead Company
1426	E287	Buckskin Mines, Inc.
2471	E313	Albert F. Carlson
2475	E318	Jim Creek Mines, Inc.

W. R. Griswold

W. R. Griswold

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION

~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

April 12, 1954

Mr. George C. Selfridge, Chairman
Operating Committee, DMEA
Department of the Interior
Washington 25, D. C.

Re: Docket No. DMEA-1593 (Lead-Zinc)
Ambassador Mines Corporation
Ambassador Mine
Sanders County, Montana
Contract No. Idm-E113

Dear Mr. Selfridge:

Enclosed are four copies of the Field Team's final report on the above-referenced contract, which has been prepared by Stephen W. Zoldok, U. S. Bureau of Mines, and John W. Hosterman, U. S. Geological Survey.

The field examiners do not recommend a Certification of Discovery or Development be issued for work done under this contract, and the Field Team concurs with this recommendation.

By Field Team, Region II

A. E. Weissenborn

A. E. Weissenborn, Executive Officer
U. S. Geological Survey

Wing G. Agnew

Wing G. Agnew, Member
U. S. Bureau of Mines

Enclosure
cc: USBM (2)
Hosterman

Reviewed by
DMEA OPERATING COMMITTEE
4-23-54
(date)

DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS EXPLORATION ADMINISTRATION

FIELD TEAM, REGION II

FINAL REPORT

Contract Idm-E113

by

Stephen W. Zoldok
Engineer
U. S. Bureau of Mines

John W. Hosterman
Geologist
U. S. Geological Survey

AMBASSADOR MINES CORPORATION
416 Empire State Building
Spokane 1, Washington

Docket No.:	DMA-1593X
Commodity:	Lead-Zinc
Contract date:	August 24, 1951
Termination date:	August 27, 1952

Reviewed by
DMEA OPERATING COMMITTEE
4-23-54
(date)

AMBASSADOR MINE
Sec. 4, T. 23 N., R. 32 W., M.P.M.
Sanders County, Montana

Spokane, Washington

April 1954

FINAL REPORT

AMBASSADOR MINES CORPORATION
Ambassador Mine
Sec. 4, T. 23 N., R. 32 W., M.P.M.
Sanders County, Montana

Contract Idm-E113

* * * *

INTRODUCTION

Summary

The purpose of the project was to explore at adit level the Wanda vein which was originally found in a small cut on the surface, and to explore below adit level the Lulu vein which has been opened up by the underground workings.

Between August 24, 1951, and August 27, 1952, two diamond drill holes were drilled to test the Wanda vein and three holes were drilled to test the Lulu vein. A total of 986 feet was drilled, of which two holes totaling 222 feet were abandoned before they reached their objective. Three holes totaling 764 feet did intersect the area where the projected veins were believed to be, but neither vein was found.

Two drill holes aggregating 410 feet were drilled by the operator to test the Wanda vein at a cost of $8.02 per foot. Three drill holes, aggregating 572 feet, were drilled by the subcontractor to test the Lulu vein at a cost of $6.02 per foot. Excluding abandoned holes the cost would be $10.96 and $7.41 per foot respectively.

Recommendations

No certification of discovery should be made. The present exploration must be considered inconclusive since it is questionable whether all of the objectives were reached. Additional exploration may possibly be warranted and it should consist of testing the Lulu vein at depth with drill holes trending southwest and west. Some trenching and test pits on the Wanda vein might also be worthwhile.

Further Government participation does not appear warranted, unless surface mapping and prospecting should disclose other objectives.

LOCATION AND ACCESSIBILITY

The Ambassador mine is in sec. 4, T. 23 N., R. 32 W., M.P.M., Sanders County, Montana. The property is traversed by Granite Creek, a tributary of Trout Creek; it is approximately 6 miles by rough dirt road south of the Trout Creek Ranger Station.

PROPERTY

The following claims were leased by the Ambassador Mines Corporation from the Sunny Peak Mining Company:

1. Placer Cabin
2. Tunnel Site
3. Dema
4. Dema Extension
5. Wanda
6. Wanda Extension
7. West Wanda
8. Delona
9. West Delona
10. Lulu No. 1
11. Lulu No. 2
12. Lulu No. 3
13. Hazel
14. Josephine
15. Alma
16. Rena
17. Florence
18. Perry
19. Clara
20. Della
21. Roy, Jr.

The underground workings consist of the Lulu tunnel, which is approximately 1,800 feet long in a northeast direction. This tunnel was originally driven to intersect the downward extension of the Wanda vein but was stopped short of its objective. About 380 feet from the portal a 350-foot drift exposes the Lulu vein, which is further developed by a small stope and a short winze. Approximately 670 feet from the portal another weak vein is exposed by a 150-foot drift. The underground work totals approximately 2,440 feet, of which only 200 feet required timbering.

THE PROJECT

The project was started on August 24, 1951, and terminated on August 27, 1952. Work was suspended between November 1, 1951, and May 10, 1952, due to bad weather conditions.

The purpose of the project was to extend the Lulu tunnel 200 feet in a northeast direction to intersect the Wanda vein, and then to explore the Wanda vein by drifting 150 feet to the northeast and 150 feet to the southwest. The Lulu vein was to be explored by two diamond drill holes, totaling 700 feet, from an underground station 400 feet northeast of where the Lulu vein was exposed in the tunnel. The first

drill hole was to be 350 feet in length and to dip -25° in a S. 50° W. direction. The second drill hole was to be a 350-foot hole dipping -23° in a S. 68° W. direction.

Before the effective date of the contract, the operators extended the Lulu tunnel about 165 feet without cutting the Wanda vein. Therefore, the contract was amended by Amendment No. 1 to substitute a 300-foot pilot diamond drill hole for the crosscutting, to be drilled on the same bearing as the tunnel. This was to be followed by a maximum of 422 feet of crosscutting and drifting providing the drill hole cut the vein.

Conforming with the contract amendment, the Wanda No. 1 DDH, bearing N. 45° E. and inclined +10°, was drilled to test the Wanda vein but was abandoned at 90 feet due to caving. The Wanda No. 2 DDH (see map and appendix) was drilled parallel to the first hole to a depth of 300.2 feet between September 7 and October 29, 1951. The core recovery for this hole averaged about 75 percent. No sulphides were observed in the recovered core other than a little disseminated pyrite nor was there any other evidence that the Wanda vein had been cut. The sludge, unfortunately, was not saved. Upon completion of the second DDH and because of its inclusive results, an attempt was made to obtain another intersection by deepening the first DDH, but this was abandoned at 110 feet.

Upon consultation with the Field Team, it was decided that the Lulu vein could be advantageously drilled from a crosscut 250 feet northeast of the Lulu vein. Amendment No. 2 was consequently drawn to allow this work. This shift in the contract was intended to make a cheaper drill station and to decrease the drilling footage. Also, this amendment changed the drill hole from S. 50° W., dipping -25°, to S. 55° W. dipping -45°, thereby permitting an intersection with the Lulu vein at a deeper depth. (The operator's final report is in error where he states that the drill station was 400 feet north of the Lulu vein.)

The Lulu No. 1 DDH (see map and appendix) bearing S. 35° W. and inclined -45° was drilled to a depth of 197 feet. The core recovery for this hole averaged about 80 percent. No sulphides other than a few specks of galena and abundant pyrite were observed in this core. This hole should have been drilled to a depth of at least 220 feet to allow an intersection of the Lulu vein if it steepened to a 60° dip.

The Lulu No. 2 DDH bearing S. 10° W. and dipping -46° was abandoned at 112 feet due to caving. The Lulu No. 3 DDH, parallel to the No. 2 hole, was completed at a depth of 267 feet (see map and appendix). (Here again the operator's report is in error where he states that this hole is 167 feet deep. This apparently is a typographical

error.) The core recovery for this hole averaged about 90 percent. No sulphides other than a few specks of galena and abundant pyrite were observed in this core. Mr. Ray Robinson, now with the Kennecott Copper Mining Company but formerly with the U. S. Geological Survey, and prior to that with the Sunshine Mining Company, visited the Ambassador mine after the project had terminated. He informed the Field Team that the last core from the Lulu No. 3 DDH contained galena. We do not think that the driller informed the operator of this before the contract was terminated as there is no mention of this in the operator's final report. Later inspection of the core showed that the last core from this hole showed monzonite with a little pyrite and a few specks of galena. There is no reason to believe that the few specks of galena represent the Lulu vein or that they are of any importance.

The project was terminated by mutual agreement because the last drill hole (Lulu No. 3) was 150 feet in monzonite and in the Coeur d'Alene district the monzonite has been proven to be unfavorable for ore. Also, the driller, Mr. C. L. Shepherd of Osburn, Idaho, informed the Government engineer on August 12, 1952, that he was planning to quit after one more shift because of insufficient compressed air. Furthermore, 570 feet, of the 700 feet of drilling allowed to test the Lulu vein, had already been used up and there wasn't enough left to test the Lulu vein with a third diamond drill hole.

Geology

Greenish-gray to medium-gray argillaceous quartzites and fine-grained quartzites of the pre-Cambrian Prichard formation are exposed in the Lulu tunnel. Monzonite is exposed at several places in the adit as dikes and at one place the monzonite may be correlated with a monzonite outcrop of stock-like proportions exposed east of the portal in the creek bottom and in several trenches on the hill slope above the mine. At 113.5 feet, the Lulu No. 3 DDH intersected a large body of monzonite which is probably part of the monzonite exposed in the creek bottom.

The Lulu vein is exposed for a distance of 130 feet along a crosscut, 380 feet from the portal. The Lulu vein trends N. 45° W., and dips 45° to 53° N. The vein is a mineralized fault containing gold, some galena, and abundant pyrite in a quartz-carbonate gangue. The western end of the vein is cut by a north-trending pre-mineral fault, which brings an alaskite dike in contact with the Prichard formation. There is some mineralization along the fault, which assays quite high in gold.

The Wanda vein is exposed in several trenches on the slope about 600 feet above the portal. The strike of the vein appears to be about N. 87° W., and it dips 45° N. The Wanda vein, consisting of some tetrahedrite, galena, and other copper and lead minerals in a quartz gangue, is in a monzonite stock about 100 feet wide.

Summary of Factual Data

A total of 764 feet of core drilling was completed under the terms of the contract at a unit cost of $9.32 per foot. Abandoned holes were on the contractor's account and were not charged to the project.

Expenditures

	MF-104's Distribution Corrected	Allowed by Audit
1. Independent Contracts (diamond drilling)	$1,788.00	$1,788.00
2. Labor and Supervision	2,251.26	2,251.26
3. Operating Materials & Supplies	1,252.36	1,112.11
4. Operating Equipment (rental & depreciation)	1,400.02	1,400.02
5. Miscellaneous	424.11	417.97
Total	$7,115.75	$6,969.36

Total contract amount approved	$23,049.00
Government's share authorized	$11,524.50
Government's valid share of costs	$ 3,484.68
Government's share unexpended	$ 8,039.82
Value of production during project operation	None
Equipment acquired under project	None

Discussion of Conclusions

The operator's inexperience with the mechanics of core drilling made the unit cost higher than they normally would be if all the diamond drilling had been subcontracted to a competent driller.

Enclosure 1
Distribution:
DMEA(4) ✓ Docket
USBM(5) Hosterman
USGS(SRO)

APPENDIX

LULU DDH No. 1 S. 35° W. -45° Ambassador Mine
Sanders County, Montana

Footage From-To	Recovery (Percent)	Description
0.0-4.0	73	Medium-gray laminated argillaceous quartzite with disseminated pyrite (Prichard formation)
4.0-9.0	100	Do.
9.0-11.0	35	Medium light-gray fine-grained quartzite 0.5 foot quartz vein containing pyrite at 10 feet.
11.0-15.6	76	Greenish-gray fine-grained quartzite with some disseminated pyrite.
15.6-20.0	82	Banded greenish-gray and medium-gray argillaceous quartzite with disseminated pyrite. Several small quartz stringers.
20.0-21.0	70	Medium-gray argillaceous quartzite with disseminated pyrite. Several quartz stringers.
21.0-26.0	100	Light- to medium-gray argillaceous quartzite with very fine disseminated pyrite. Several calcite seams and quartz stringers.
26.0-28.0	85	Greenish-gray argillaceous quartzite with very little disseminated pyrite.
28.0-37.0	100	Do. Some calcite seams and quartz stringers with pyrite.
37.0-46.0	99	Greenish-gray and medium-gray laminated argillaceous quartzite with little disseminated pyrite. Calcite seams and quartz stringers containing pyrite up to 3 inches.
46.0-50.0	35	Greenish-gray argillaceous quartzite.
50.0-55.0	86	Greenish-gray and medium-gray banded argillaceous quartzite with disseminated pyrite. One quartz vein containing pyrite at 53 feet.

Footage From-To	Recovery (Percent)	Description
55.0-57.6	100	Medium-gray argillaceous quartzite with some disseminated pyrite. Several small quartz stringers.
57.6-64.0	83	Medium-gray and greenish-gray argillaceous quartzite with disseminated pyrite. A few small quartz stringers and calcite seams.
64.0-65.5	73	Greenish-gray argillaceous quartzite with disseminated pyrite. One inch quartz vein at 65.5 feet.
65.5-67.0	73	Greenish-gray and medium-gray argillaceous quartzite with considerable disseminated pyrite. One-half inch quartz vein at 67.0 feet.
67.0-69.5	80	Medium-gray fine-grained quartzite with disseminated pyrite. Approximately 1.5 foot vein of quartz and muscovite begins at 69 feet.
69.5-71.0	80	Medium-gray argillaceous quartzite with disseminated pyrite and quartz stringers up to one-half inch.
71.0-73.0	85	Medium-to light-gray quartzite containing disseminated pyrite. Several quartz stringers with pyrite up to one-half inch.
73.0-75.5	88	Light-gray quartzite with considerable disseminated pyrite and some quartz stringers.
75.5-76.5	100	Greenish-gray quartzite with disseminated pyrite and quartz stringers.
76.5-78.5	65	Greenish-gray to medium-gray quartzite with some disseminated fine pyrite.
78.5-83.5	100	Medium-gray banded quartzite with some quartz stringers and pyrite.
83.5-87.0	87	Greenish-gray banded quartzite.
87.0-91.5	71	Medium-gray banded quartzite with disseminated pyrite and quartz stringers.

Footage From-To	Recovery (Percent)	Description
91.5-96.5	100	Greenish-gray and medium-gray banded quartzite. About a 0.5-foot vein of quartz with disseminated galena and pyrite at 91.5 feet.
96.5-98.0	67	Medium-gray quartzite with disseminated pyrite and quartz stringers.
98.0-100.0	65	Greenish-gray argillaceous quartzite with disseminated pyrite and quartz stringers.
100.0-103.0	30	Light-gray quartzite with quartz stringers.
103.0-106.5	54	Greenish-gray argillaceous quartzite.
106.5-109.0	48	Greenish-gray argillaceous quartzite with considerable pyrite.
109.0-111.5	100	Greenish-gray quartzite with considerable pyrite and quartz stringers.
111.5-112.5	100	Greenish-gray quartzite.
112.5-117.0	85	Greenish-gray quartzite with several one-half inch quartz veins. One quartz vein at 115.0 feet has pyrite and galena in very small quantities.
117.0-119.0	95	Greenish-gray quartzite with a little disseminated pyrite.
119.0-124.0	38	Greenish-gray quartzite with considerable disseminated pyrite. One-half inch quartz vein containing a small amount of galena at 123.0 feet.
124.0-125.0	60	Light-gray quartzite with disseminated pyrite.
125.0-127.5	92	Medium-gray quartzite with considerable disseminated pyrite and some galena.
127.5-128.5	100	Medium- to light-gray quartzite with some disseminated pyrite.
128.5-133.0	67	Light-gray quartzite with some disseminated pyrite and quartz stringers.

Footage From-To	Recovery (Percent)	Description
133.0-135.5	60	Light-gray quartzite with some disseminated pyrite and quartz stringers.
135.5-140.5	60	Do.
140.5-144.0	54	Do.
144.0-146.5	68	Do. A speck of galena at 146 feet.
146.5-151.0	27	Greenish- and medium-gray quartzite with disseminated pyrite.
151.0-155.5	45	Greenish- and medium-gray quartzite with disseminated pyrite and quartz stringers up to one-half inch thick.
155.5-157.5	65	Light-gray quartzite with disseminated pyrite.
157.5-160.0	84	Light-gray to medium-gray quartzite with disseminated pyrite and pyrite stringers.
160.0-161.0	100	Light-gray to medium-dark-gray quartzite with disseminated pyrite.
161.0-166.0	100	Medium-gray quartzite with disseminated pyrite.
166.0-171.0	100	Medium-gray quartzite with disseminated pyrite and quartz stringers.
171.0-174.0	100	Medium-gray quartzite with disseminated pyrite.
174.0-176.0	90	One foot of light-gray quartzite. Second foot of granite with quartz, orthoclase, and disseminated pyrite.
176.0-179.0	80	Monzonite.
179.0-181.0	80	Coarse-grained monzonite with biotite and pyrite.
181.0-184.0	100	Coarse-grained monzonite becoming fine-grained. The last 0.5 foot is medium-gray quartzite.
184.0-187.5	28	Light-gray quartzite with disseminated pyrite.
187.5-191.5	90	Light- to medium-gray quartzite with disseminated pyrite. Specks of galena in quartz stringers.

Footage From-To	Recovery (Percent)	Description
191.5-194.0	92	Light- to medium-gray quartzite with some disseminated pyrite and quartz stringers.
194.0-197.0	67	Light- to medium-gray quartzite with some disseminated pyrite and quartz stringers.

WANDA DDH No. 2 N. 45° E. +10° Ambassasdor Mine
Sanders County, Montana

Footage From-To	Recovery (Percent)	Description
0.0-5.0	100	Fine-grained, dark-gray argillite, some quartzite, scattered pyrite along bedding planes.
5.0-10.0	64	Very small quartz stringers at 6.0 and 7.0 feet.
10.0-11.0	80	Dark-gray argillite.
11.0-16.7	74	Dark-gray argillite, occasional pyrite along bedding planes.
16.7-17.7	70	Dark-gray argillite.
17.7-21.2	100	Dark-gray argillite, occasional quartz stringer with pyrite.
21.2-22.5	54	Grayish-green quartzite.
22.5-26.5	68	Quartzitic argillite and dark-gray argillite.
26.5-28.7	68	Argillite and bleached quartzite, sparse pyrite.
28.7-36.1	91	Quartzite.
36.1-40.5	98	Moderately quartzitic argillite and dark-gray argillite.
40.5-42.3	100	Dark-gray, quartzitic argillite.
42.3-47.3	90	Fine-grained, gray, moderately quartzitic argillite.
47.3-51.5	71	Greenish-gray banded quartzite and argillite.
51.5-61.2	70	Gray-banded, moderately quartzitic argillite.
61.2-72.1	46	Banded gray quartzite and gray argillite, very sparse pyrite.
72.1-77.9	72	Light-gray banded quartzite and argillite, few scattered blebs of pyrite.
77.9-82.9	100	Banded greenish-gray quartzite and dark-gray argillite, some scattered pyrite.

Footage From-To	Recovery (Percent)	Description
82.9-87.9	70	Light-gray quartzite and dark-gray quartzitic argillite.
87.9-92.9	100	Dark-gray argillite.
92.9-97.2	86	Dark-gray argillite.
97.2-102.5	43	Greenish-gray, laminated quartzite.
102.5-107.3	58	Greenish-gray, laminated quartzite with scattered specks of pyrite.
107.3-108.5	67	Do.
108.5-109.8	46	Do.
109.8-113.5	57	Do.
113.5-114.8	62	Do.
114.8-119.0	71	Massive quartzite with pyrite along bedding planes.
119.0-122.9	76	Do.
122.9-130.0	42	Do. Two 1-inch quartz veins at 123.0 and 124.0 feet.
130.0-142.8	94	Banded dark-gray argillite and quartzite.
142.8-147.8	90	Dark-gray argillite with an occasional light greenish-gray band of quartzitic argillite, very sparse flecks of pyrite.
147.8-152.8	70	Light-gray to dark-gray argillite.
152.8-155.7	100	Do.
155.7-156.0	0	Do.
156.0-160.9	82	Do.
160.9-165.8	96	Do.
165.8-170.5	96	Do.

Footage From-To	Recovery (Percent)	Description
170.5-171.5	80	Light-gray to dark-gray argillite.
171.5-172.5	40	Do.
172.5-173.9	93	Do.
173.9-175.0	100	Do.
175.0-185.0	83	Do.
185.0-190.2	87	Do.
190.2-192.5	91	Do.
192.5-300.2		Not logged.

LULU DDH No. 3 S. 10° W. -45° Ambassador Mine
Sanders County, Montana

Footage From-To	Recovery (Percent)	Description
0.0-6.6	46	Light- to medium-gray argillaceous quartzite with disseminated pyrite.
6.6-9.0	100	Light- to medium-gray argillaceous quartzite with disseminated pyrite.
9.0-15.0	100	Light- to medium-gray laminated argillaceous quartzite with disseminated pyrite. One and one-fourth inch quartz vein.
15.0-21.0	100	Light- to medium-gray laminated argillaceous quartzite with disseminated pyrite. Several quartz stringers.
21.0-26.0	100	Some light-gray, but mostly dark-medium-gray laminated quartzite with abundant disseminated pyrite and several quartz stringers.
26.0-32.5	100	Some light-gray, but mostly dark-medium-gray laminated quartzite with abundant disseminated pyrite and half an inch quartz vein at 28.0 feet.
32.5-37.0	100	Light-gray and dark-medium-gray laminated argillaceous quartzite with abundant disseminated pyrite and several quartz stringers.
37.0-42.0	100	Light-gray and dark-medium-gray laminated argillaceous quartzite with disseminated pyrite half an inch quartz vein containing pyrite at 38.5 feet.
42.0-47.0	100	Light-gray and dark-medium-gray laminated argillaceous quartzite with disseminated pyrite and several quartz stringers.
47.0-50.5	100	Same as 42.0-47.0 feet.
50.5-52.5	100	Light-gray and dark-medium-gray laminated argillaceous quartzite with disseminated pyrite. Four inch quartz vein containing pyrite at 51.0 feet.

Footage From-To	Recovery (Percent)	Description
52.5-55.5	100	Light- to medium-gray argillaceous quartzite with disseminated pyrite.
55.5-58.5	93	Light- to medium-gray argillaceous quartzite with disseminated pyrite. Quartz vein half an inch thick containing pyrite at 55.5 feet.
58.5-63.0	89	Light- to medium-gray argillaceous quartzite with disseminated pyrite. Several quartz stringers containing pyrite.
63.0-67.0	100	Do.
67.0-71.5	100	Light- to medium-gray argillaceous quartzite with disseminated pyrite. Many quartz stringers containing pyrite.
71.5-76.5	100	Light- to medium-gray argillaceous quartzite with disseminated pyrite. Some quartz stringers containing pyrite.
76.5-81.0	100	Light- to medium-gray argillacous quartzite with disseminated pyrite. Two 1.5 inch quartz veins containing pyrite at about 77.5 feet. A 3 inch quartz vein containing pyrite at 79.0 feet.
81.0-85.0	100	Light to medium-gray argillaceous quartzite with disseminated pyrite. Two inch quartz vein containing pyrite.
85.0-87.5	80	Medium-gray argillaceous quartzite with disseminated pyrite and some quartz stringers.
87.5-90.0	100	Do.
90.0-93.0	100	Do.
93.0-98.0	100	Medium-gray argillaceous quartzite with disseminated pyrite. Half an inch quartz veins containing pyrite at 93 and 94 feet.
98.0-100.5	100	Light-gray argillaceous quartzite containing disseminated pyrite and quartz stringers.
100.5-104.5	100	Do.

Footage From-To	Recovery (Percent)	Description
104.5-108.5	75	Light-gray argillaceous quartzite containing disseminated pyrite and quartz stringers.
108.5-110.0	100	Do.
110.0-113.5	34	Do.
113.5-118.5	80	Fine-grained monzonite (consists of plagioclase 40 percent, orthoclase 45 percent, pyrite 5 percent, biotite 10 percent).
118.5-121.5	30	Fine-grained monzonite.
121.5-124.0	100	Do.
124.0-129.0	80	Fine-grained monzonite. Barren quartz vein from 125 to 126 feet.
129.0-134.0	80	Fine-grained monzonite.
134.0-136.0	100	Do.
136.0-141.5	91	The monzonite becomes coarse-grained.
141.5-146.5	54	Coarse-grained monzonite.
146.5-152.0	73	Do.
152.0-157.0	100	Coarse-grained monzonite, biotite becoming more abundant (15 percent).
157.0-162.5	60	Coarse-grained monzonite.
162.5-168.0	91	Do.
168.0-174.0	87	Do.
174.0-178.5	78	Do.
178.5-182.5	100	Do.
182.5-187.0	89	Do.
187.0-192.0	74	Do.
192.0-200.0	100	Do.

Footage From-To	Recovery (Percent)	Description
200.0-203.0	33	Coarse-grained monzonite.
203.0-208.0	80	Do.
208.0-214.0	87	Do.
214.0-220.0	75	Do.
220.0-228.5	54	Coarse-grained monzonite. At 220.0 feet there is a 2 inch quartz vein.
228.5-234.5	84	Coarse-grained monzonite.
234.5-243.0	100	Do.
243.0-253.0	100	Do.
253.0-263.0	100	Coarse-grained monzonite. Diorite inclusion at 261 feet.
263.0-266.0	99	Coarse-grained monzonite composed of plagioclase (40%), orthoclase (40%), tourmaline (9%), and pyrite (1%); also a few specks of galena. (This section of core was logged by Hosterman June 24, 1953, because of a report that the core had exposed a vein.)

FILE COPY
SURNAME:
800

Chambers

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

FEB 3 1953

Mr. Charles A. Turner
DMEA Auditor
1201 North Division Street
Spokane 2, Washington

Re: Ambassador Mines Corporation
E-113, DMA-1993X

Dear Mr. Turner:

B.W.

Reference is made to your Audit Report dated January 15, 1953, of the above-cited contract. As a whole the Audit Report is satisfactory. There are a few items, however, which you may wish to state differently in your future audits.

On page 5 of the report, the total, $122.45, claimed for transportion was disallowed by you in the amount of $87.45 and by the Certifying Officer in the amount of $35.00. It took me a little time to figure out the disallowance by audit since it was a subtractive item. The addition line probably should have been placed above the $35.00 and an additional line placed below the $87.45 with an extended column of "0"; or the two items could have been short-columned and totaled under the $122.45 with "0" allowance. J.C. 3/3/53

The face of the Audit Certificate in the total amount billed by the contractor is given as $8,738.27, which is correct. I believe it would have been a little clearer under Exhibit "A" which restates the amount as set forth in the July MF-104 had the total column, $7,115.75, been starred and an explanation made to the effect that this does not include the amount previously disallowed by the Certifying Officer which was $_____.

You may distribute the above Audit Report in the regular manner.

Sincerely yours,

(Signed) J. L. Chambers

Jay L. Chambers, Chief
Contract Administration
and Audit Division

JIChambers/wb
February 2, 1953

Copy to: Admr. Reading File
Mails & Files
Mr. Chambers

1593

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
~~WASHINGTON 25, D. C.~~
So. 157 Howard Street
Spokane 4, Washington

[illegible]

Sept or 27, 1952

Betty

Mr. [illegible] Lindman
Regional Certifying Officer, [illegible]
U. S. Bureau of Mines
1201 N. Division
Spokane 2, Washington

Re: Docket 1593A - Lead
Ambassador Mines
Sanders County, Montana
Contract [illegible]-2113

Dear Mr. Lindman:

This is to inform you that all work under the subject contract has been completed to the satisfaction of the Government and that the full and final accounting of operations as presented by the Operator is considered acceptable by this office. A final report evaluating the results of work completed under the contract also has been presented and accepted as satisfactory.

Inasmuch as all requirements have been met, it is requested that the Operator's final invoice be accepted for voucherin and payment.

Sincerely yours,

A. L. Weissenborn
Executive Officer
[illegible] Field Team, [illegible]

cc: [illegible] (2)
Supr. [illegible] Acq. Div., [illegible] (1)
[illegible] (2)
[illegible] (1)
[illegible] (1)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D. C.~~

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 10 1952

1201 N. Division St.
Spokane 2, Washington

October 24, 1952

MEMORANDUM

To: DMEA Field Team, Region II

From: E. G. Erickson, Mining Engineer, Bureau of Mines

Subject: Closing out Exploration Project Contract Idm-E113, Ambassador Mines Corporation, Sanders County, Montana Docket No. DMEA 1593X (lead-zinc)

As the captioned contract has been terminated a review of expenditures was made to determine what equities the Government might have acquired.

There was no equipment purchased under the contract nor was any equity established through rental of equipment; therefore, the only equity the Government might have would be in the following:

1. Unused materials or supplies.

2. Refund of State tax paid on gasoline used for non-highway purposes.

A review of the interim reports by H. T. Reno and T. E. Howard, Mining Engineers, Bureau of Mines, indicates that work done on the project, though poorly supervised, was accomplished according to the terms of the contract. The report on drill holes, by John W. Hosterman, Geologist, Geological Survey, indicates no discovery was made.

It is recommended that the contract be assigned to Mr. Hull, DMEA auditor, for final audit in order that the contract may be closed out.

E. G. Erickson

Orig. & 3—DMEA, Wash.
USGS (2)
DMEA
M/D
Mr. Hull

Reviewed by
DMEA OPERATING COMMITTEE
11-14-52
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
NOV 10 1952

October 29, 1952

Mr. F. E. Johnson, Chairman
Operating Committee, DMEA
Dept. of the Interior
Washington 25, D. C.

Re: Docket 1593X - Lead
Ambassador Mines
Sanders County, Montana
Contract Idm-E113

Dear Mr. Johnson:

Attached are the original and three copies of a final report submitted by the management of Ambassador Mines, together with a memorandum from E. G. Erickson, Bureau of Mines Engineer on the operation of the DMEA contract. The report from Mr. Fischer cannot be considered as an "engineering" report in the technical sense. However, it appears to give the essential data on a relatively simply exploration project, and we have, therefore, accepted it as a final report. An audit is scheduled, and a final DMEA report on the project will follow in the near future.

Sincerely yours,

A. E. Weissenborn,
Executive Officer, DMEA
Field Team, Region II

Enclosure
cc: USBM (2)
Wallace

Operator's final report detached in Docket and Control - 11/10/52 - bl

Reviewed by
DMEA OPERATING COMMITTEE
11-14-52
(date)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
~~WASHINGTON 25, D.C.~~
So. 157 Howard Street
Spokane 4, Washington

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
OCT 31 1952

October 27, 1952

Mr. Frank E. Johnson, Chairman
Operating Committee, DMEA
Washington 25, D. C.

Re: Docket DMEA-1593 (lead-zinc)
Ambassador Mines Corporation
Sanders County, Montana
Contract Idm-E113

Dear Mr. Johnson:

Enclosed are the original and two signed copies of a termination form terminating the subject contract by agreement after commencement but before completion of the work.

A copy of the termination form has been retained by the Operator, a copy is being placed in our files, and by a carbon copy of this letter we are sending a copy to the Regional Finance Officer.

Sincerely yours,

A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosure
cc: USBM (2)
Reg. Finance Officer w/encl.
Hosterman

cee 10/31

RECEIVED
NOV - 4 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

AMBASSADOR MINES CORPORATION

401 EMPIRE STATE BUILDING
SPOKANE 1, WASHINGTON

U. S. BUREAU OF MINES
RECEIVED
OCT 24 1952
SPOKANE, WASHINGTON

October 23, 1952

Defense Minerals Exploration Administration
Bureau of Mines
1201 North Division Street
Spokane 2, Washington

RE: Docket 1593X Ambassador Mines
Contract Idm E-113 (lead)

Gentlemen:

SUBJECT: Final Report of Operations at Ambassador Mine, Sanders County, Montana

Reference is made to a letter from your department under date of August 5, 1952, and our reply of August 15, 1952.

In presenting this final report and resumé of progress at the said mine under the above numbered report, we have to advise negative results.

The operation undertaken during the summer of 1951 consisted of diamond drilling from the face of the existing tunnel as outlined under Amendment to Original Agreement authorizing a drill hole a maximum of 300 feet. The first hole drilled encountered difficulty in penetrating the formation at a 90 foot point and the driller was unable to proceed. A new hole (No. 2) was started and at 110 feet encountered the same formation. A special bit furnished by the company from which the diamond drilling machine had been rented permitted the operator to continue the hole to the 300 foot point. It is reported that at a point approximately 115 feet from the tunnel face a mineralized zone was encountered for a distance of about eight feet, after which the hole was continued in barren rock. No satisfactory cores were obtained, the driller reporting a very steady flow of water from the drill hole. The sludge retrieved gave poor assays.

Hole #1 was then continued and at approximately 110 feet from tunnel face same mineralized formation was encountered but poor assays obtained. Points of contacting mineralized zone were approximately 40 feet apart.

Operation was then closed down for the winter.

In May, 1952, work was resumed under subject contract after mine was put in readiness for season's operation, and consisted of diamond drilling on so-called Lulu Vein, from which shipments of lead and zinc had been previously made.

CONTRACTOR'S FINAL REPORT

Under subject contract a drill station off the Lulu adit, 400 feet north of Lulu Vein, was cut at a cost of $239.00. A diamond drilling contract was arranged with C. L. Shepherd of Wallace, Idaho, submitted to the DMEA and approved June 11, 1952. By virtue of this agreement, Hole #1 was drilled a distance of 197 feet, approximately parallel with tunnel and a dip of 45 feet. Results were negligible.

Hole #2 was drilled from same station with a 45° dip, east 20°. At 112 feet drillers were stalled and advised reaming and casing at extra cost to us of $2.50 per foot. An unsuccessful attempt was made to ream, whereupon driller agreed to drill a new hole for the 112 feet at $2.50 per foot, balance of hole at contract rate. This hole was continued to 167 foot point but results were negative. It was, therefore, decided to discontinue diamond drilling.

Total cost of drilling, $6,945.77.

No equipment was purchased.

No accredited engineer was employed. Reports and suggestions of DMEA engineers were relied upon.

Reference is made to monthly reports accompanying invoices.

Your attention is called to letter of W. Rulon Lee, Fiscal Office, dated August 18, 1952, acknowledging shortage in payment of June invoice.

We enclose original and five copies of Termination Agreement and trust our July invoice will be given consideration.

Yours very truly,

AMBASSADOR MINES CORPORATION

E. J. Fisher

Secretary-Treasurer

EF/t

Enc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
1201 N. Division St.
Spokane 2, Wash.
August 28, 1952

Ambassador Mines Corporation
416 Empire State Building
Spokane 1, Wash.

Subject: Termination of exploration project contract ldm-E113, Docket DMEA 1593 (lead-zinc)

Gentlemen:

The narrative of progress accompanying your July 1952 operating report indicates agreement that further work on the subject exploration project is not warranted.

Enclosed for your approval and signature, therefore, is an agreement in seven copies by which the contract may be terminated. Please sign all copies, retaining one for your files and returning the original and five copies to this office.

By Field Team, Region II

M. E. Volin, Acting Exec. Officer
(U. S. Bureau of Mines)

Thor Kiilsgaard
for: A. E. Weissenborn
(U. S. Geological Survey)

Enclosure

cc: USGS, Spokane
DMEA, Wash. (2)

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

So. 157 Howard Street
Spokane 4, Washington

August 5, 1952

Mr. Dale Lanphere, Vice-President
Ambassador Mines Corp.
416 Empire State Building
Spokane 1, Washington

Re: Docket 1593X, Ambassador Mine
Sanders County, Montana
Contract Idm-E113 (Lead)

Dear Mr. Lanphere:

The last reports of the field team members who have visited the DMEA project on your property give a somewhat discouraging picture of the chances for finding significant amounts of ore. We understand that diamond drill holes 1 and 2 were drilled without finding anything.

In view of the consistently negative results of the work it appears to us that the best interest of both yourself and the Government would be served by closing out the contract. If you agree with this, kindly send us your final invoice and report so we can clear up the accounts. We will also prepare the necessary papers for closing the work.

Should you feel that the work could profitably be carried on, we would be glad to review any proposal you may have for completion of the work. We emphasize, however, that our review of the work so far done indicates little chance for positive results.

Sincerely yours,

M. E. Volin
Acting Executive Officer, DMEA
Field Team, Region II

cc: USBM (2)
DMEA (2)
R.E.Wallace & J.W.Hosterman

DMEA (2)

5D

M. E. Volin, Member, DMEA Field Team, Reg. II July 29, 1952

H. T. Reno, Mining Engineer, Mining Division, Region II

Periodic inspection Contract Idm-E113, Ambassador Mines Corp., Docket 1593X (lead-zinc).

I inspected the work and discussed the project with the manager, Mr. Unger, July 9, 1952. Work remaining on the project is to explore the Lulu vein by a maximum of 700 linear feet of diamond drilling.

At the time of my visit, one 197-foot hole had been drilled to the vein; results were negative. A second hole caved at 110 feet and was abandoned when either cementing or casing was found to be too expensive. A third hole, replacing the No. 2 hole, was down 54 feet. If the results of this hole are negative, the project should be terminated.

H. T. Reno

cc: Wash., D. C. (2)
U.S.G.S. (2)
HTR

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

So. 157 Howard Street
Spokane 4, Washington

June 26, 1952

Memorandum

To: A. E. Weissenborn, Exec. Officer, DMEA Field Team, Region II

From: R. E. Wallace, Geologist, U. S. Geological Survey
J. W. Hosterman, Geologist, U. S. Geological Survey

Subject: Ambassador Mine, Sanders County, Montana, Routine examination, June 19, 1952, Docket DMEA-1593, Lead.

The Ambassador mine was visited and examined in the company of Mr. Arthur Hess and Mr. M. J. Unger on June 19, 1952.

DMEA diamond drill hole, aimed at crossing the Lulu vein under the old shaft position, had reached a length of 179 feet without having shown the Lulu vein. With a dip of 45° northeast for the vein and a drill-hole plunge of 47°, the hole should cross the vein at about 180 feet. It was suggested that the hole not be drilled more than 220 feet, for that length would allow an intersection of the vein even if it steepened to a 60° dip.

Mr. Hess had been doing exploratory work on the Wanda vein, and had dug several prospect trenches along what he believed to be the strike of the vein. The strike of the vein appears to be about N. 87° W. and the vein dips 45° northeast. The Wanda vein is in a monzonite stock about 100 feet wide.

Mr. Unger indicated that he was anxious to use some of the contract drilling to test the Wanda vein by drilling from the main crosscut with a hole aimed under the old shaft sunk from the surface where high-grade values were obtained. After examining this surface showing, the examiners urged Mr. Unger not to attempt this test of the Wanda vein, as it was felt the Wanda vein was too poorly known on the surface as yet, and very possibly represented a vein of only limited extent as along its strike it seems to be limited to a very small stock, probably an apophysis of the

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 14 1952

Granite Creek stock. Mr. Unger was urged instead to concentrate on the Lulu vein for the present and to try one or two more drill holes aimed west of the main crosscut and one or two aimed east of the main crosscut.

cc: USBM
DMEA (2)
USGS (BRO)
R. E. Wallace & J.W. Hosterman

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

June 24, 1952

Chairman, Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: DMEA 1593X, Lead-Zinc
Contract Idm-E113
Ambassador Mines Corporation

Dear Sir:

Enclosed are an original and two copies of approval to a subcontract between the subject company and Mr. C. L. Shepherd.

Sincerely yours,

KHGray
Kathryn Gray
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures

RECEIVED
JUL 3 1952
GENERAL COUNSEL
DEFENSE MINERALS
ADMINISTRATION

M. E. Volin, Member, DMEA Field Team, Reg. II June 10, 1952

H. T. Reno, Mining Engineer, Bureau of Mines

Periodic inspection, Contract Idm-E113, Ambassador Mines, Sanders County, Mont., Docket 1593 (lead-zinc)

I visited the property June 4, 1952. Remaining work on the contract consists of 700 lin. feet of diamond drilling to intersect the Lulu vein below the main level adit. The Operators had partially completed a drill station and were waiting arrival of the drill contractor. As they obviously had no conception of the space required for a drill station I outlined the work that would be necessary before drilling could start.

Two men were hand trenching to expose the Wanda vein on the surface. One phase of the project, which has been considered negative by the Field Team, explored for the downward extension of the Wanda vein. The Operators question this decision and believe that by uncovering the vein on the surface they may be able to induce the Field Team to reconsider. I could see no reason from the evidence so far uncovered for the project to be extended. Although mineralized the vein is small and appears to be only a short lens that has little possibility of extension in strike length or at depth.

H. T. Reno

Orig. to files
cc: USGS (2)
Wash., D.C. (2)
HTR

500

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS EXPLORATION ADMINISTRATION
WASHINGTON 25, D. C.

RECEIVED
MAY 28 1952
U. S. G. S.
SPOKANE, WASH

MAY 23 1952

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
Received
JUN 2 1952

Mr. A. E. Weissenborn
Executive Officer, Region II
DMEA Field Team
South 157 Howard Street
Spokane 4, Washington

Re: Docket DMEA 1593X
Ambassador Mines Corp.
Lead-Zinc

Dear Mr. Weissenborn:

We are returning, herewith, the material sent to us under date of May 9, relative to Amendment 2 for the subject contract.

The Amendment has been signed by the Operator but has not been signed by you, and evidently was transmitted to Washington in error.

Sincerely yours,

Frank E. Johnson
Chairman, Operating Committee
Defense Minerals Exploration
Administration

5/28/52

O.K. SSS

Enclosures

APPROVED:

F. N. Hedges
Member, Bureau of Mines

D. M. Lemmon
Member, Geological Survey

Thank you for returning the attached, which was indeed sent to you by error. The proper number of copies transmitting the signed amendments are now attached. The operator has been given his copy. also the Fiscal Office.

Ruth R Carlson
for: A E Weissenborn

OFFICE OF THE ADMINISTRATOR

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEFENSE MINERALS ADMINISTRATION

WASHINGTON 25, D. C.

So. 157 Howard Street
Spokane 4, Washington

May 9, 1952

Chairman, Operating Committee
Defense Minerals Exploration Administration
Department of the Interior
Washington 25, D. C.

Re: Docket DMA 1593X, (Lead-Zinc)

Dear Sir:

Enclosed are ~~the original and~~ three copies of Amendment No. 2 on Contract Idm-E113 for Ambassador Mines Corporation, 416 Empire State Building, Spokane 1, Washington.

This amendment is to relocate a diamond drilling station and to change bearing on the originally proposed drill holes. This change will allow for a better angle of intersection with Lulu vein, obtain this intersection with a shorter drill hole, and may result in sufficient economy of drilling so that three, instead of two, intersections of the vein may be obtained.

Yours very truly,

Willard P. Puffett

Willard P. Puffett
For: A. E. Weissenborn
Executive Officer, DMEA
Field Team, Region II

Enclosures.

cc: USBM

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
MAY 1 9 1952

SdS

500
FILE COPY
SURNAME:

Moulds

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

MAY 23 1952

Mr. A. E. Weissenborn
Executive Officer, Region II
DMEA Field Team
South 157 Howard Street
Spokane 4, Washington

Re: Docket DMEA 1593X
Ambassador Mines Corp.
Lead-Zinc

Dear Mr. Weissenborn:

We are returning, herewith, the material sent to us under date of May 9, relative to Amendment 2 for the subject contract.

The Amendment has been signed by the Operator but has not been signed by you, and evidently was transmitted to Washington in error.

Sincerely yours,

5/23

(signed) FRANK E. JOHNSON

Chairman, Operating Committee
Defense Minerals Exploration
Administration

Enclosures

APPROVED:

J. H. Hedges
Member, Bureau of Mines

D. M. Lemmon
Member, Geological Survey

DEMoulds/mef/hmj
5-22-52
CC to: Adm. Reading File
Operating Committee
Docket File Copy
Region II
Mr. Bishop
Mr. McKnight
Mr. Moulds

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

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1593

MONTANA

SANDERS COUNTY

February 1, 1952

Ambassador Mines Corporation, Idm-E113, Pb-Zn

50-50 of $23,049.00

6 months

The purpose of the project is to find the Wanda vein on the Lulu level and search for the extension of the Lula vein below the Lula level.

Crosscutting and drilling have failed to find the Wanda vein. A limited amount of diamond drilling for the downward extension of the Lulu vein will be started this spring.

FILE COPY
SURNAME:

400

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

Contract Service Section
General Accounting Office
Washington 25, D. C.

SEP 2 7 1951

Re: Docket No. DMA 1593X
Ambassador Mines, Inc.
Exploration Project Contract
Idm-E113
Amended: September 1, 1951

Gentlemen:

Enclosed for recording in your office is the original of an amendment to the Exploration Project Contract between the operator named in the above reference and the Government of the United States.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosure-1

Typed: 9/26/51
PBBlakemore/meh
cc to: Adm. Reading File
Reports and Records
Messrs. Mittendorf, Olund
Mr. Blakemore
Docket

FILE COPY
SURNAME:

400

Blakemore
Mittendorf

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

September 26, 1951

Memorandum

To: Reports and Records Unit

From: Director, Production Expansion Division

Subject: Docket No. DMA 1593X, Ambassador Mines Corporation

The attached amendment to the above contract is to be filed with your copy of the contract.

SIGNED 8F. 9.27

C. O. Mittendorf

Attachment-1

PBBlakemore/meh
cc to: Reports and Records
Messrs. Mittendorf, Olund
Mr. Blakemore
Docket

Mr. Beahouse

DEFENSE MINERALS ADMINISTRATION WASHINGTON, D. C.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SEP 24 8 37 AM '51

So. 157 Howard Street
Spokane 4, Washington

September 19, 1951

DMA-1593X

OFFICIAL FILE COPY

To	Init.	Date
400	A.E.C.	9-24
210		

Mr. C. O. Mittendorf
Production Expansion Division
Defense Minerals Administration
Department of the Interior
Washington 25, D. C.

Dear Mr. Mittendorf:

Although Circular Letter 9 delegates authority to the Field Teams to make certain amendments and approvals on DMA exploration contracts and states that such amendment or approval must be in writing, it does not specifically state where these should be filed. I presume, however, that each copy of the contract should receive a copy of any amendments or approvals. Accordingly, I am enclosing 3 copies of an amendment to the Ambassador Mines, Inc., DMA-1593X. The original is being retained here and copies are being sent to the contractor and to our fiscal officer.

This amendment was made because the Ambassador Mines had continued to drive the crosscut to the Wanda vein on its own account while waiting for the DMA contract to be approved. The remaining distance is in easy reach of a short exploratory diamond drill hole and in our opinion, if preliminary probing by this method failed to find the Wanda vein, the crosscut should not be continued. The amendment therefore seems justified as it will add little to the cost if the Wanda vein is found, and might save considerable money if the drilling does not cut the vein. If the vein is cut, there should still be sufficient funds to crosscut to it and do the drifting provided for in the contract.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

Enclosures

FILE COPY
SURNAME:

Mittendorf
100

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

Contract Service Section
General Accounting Office
Washington 25, D. C.

Re: Docket DMA 1593X
Exploration Project Contract
Idm-E113
Ambassador Mines Corporation
Spokane, Washington

Gentlemen:

Enclosed for recording in your office is the original, signed copy of an Exploration Project Contract executed between the operator named in the above reference and the Government of the United States.

Sincerely yours,

C. O. Mittendorf

C. O. Mittendorf, Director
Production Expansion Division

Enclosure-1

PBBlakemore/bjs
9/11/51
cc to: Adm. Re ading File
Reports & Records
Mr. Mittendorf, Mr. Olund
Mr. Blakemore
Docket

Mr. Blakemore

DEFENSE MINERALS
ADMINISTRATION
WASHINGTON, D. C.
SEP 10 7 59 AM '51

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

So. 157 Howard Street
Spokane 4, Washington

September 4, 1951

Mr. C. O. Mittendorf, Director
Production Expansion Division
Defense Minerals Administration
Department of Interior
Washington 25, D. C.

Dear Mr. Mittendorf:

Enclosed ~~is~~ are the original and three copies of the Exploration Project Contract, Docket No. 1593X, Ambassador Mines, Inc., Sanders County, Montana.

The contracts have been signed by the applicant and four copies of the Landlord's Subordination Agreement with corrected date of the exploration project contract are appended.

Very truly yours,

Thor H. Kiilsgaard

Thor H. Kiilsgaard
For: A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

Enclosures

FILE COPY
SURNAME:

Lawson
Weissenborn

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

AIR MAIL

AUG 24 1953

Mr. A. M. Weissenborn
Executive Officer
DMA Field Team, Region II
South 157 Howard Street
Spokane 4, Washington

Re: Docket No. 1593X, Lead-Zinc
Ambassador Mines, Corp.
416 Empire State Building
Spokane 1, Washington

Dear Mr. Weissenborn:

The exploration project contract with exhibits which was signed by the operator and sent by your office to the Coordinating Committee in Washington, has been rewritten because it did not include the rental cost of items of equipment owned and furnished by the operator. The estimated total cost of the project has therefore been increased from $20,283.00 to $23,049.00.

Enclosed are six copies of revised contract which have been signed and assigned a project number (Idm-E113) with effective date as shown.

Only three copies of Landlord's Subordination Agreement are enclosed and these are incorrectly dated. Each of the six copies of the contract must, of course, have a copy of the subordination agreement.

Kindly have the contract signed by the operator in the presence of some member of your Region II office. There are to be no alterations made in said contract.

Upon completion of signatures, one copy of contract is to be given the operator, one retained for your office. The original

and three copies are to be returned to the Production Expansion Division of DMA. The copy required by the Finance Officer of your region will be forwarded at a later date by the Finance Division in Washington.

Sincerely yours,

8/29 cc

C. O. Mittendorf (F. W.).

C. O. Mittendorf, Director
Production Expansion Division

Enclosures-6

FWHanson/jem
8-23-51

APPROVED:

Flora Lyon
Chairman, Coordinating Committee

Merrill
Member, Bureau of Mines

Thayer
Member, Geological Survey

CC to: Adm. Reading File
Reports & Records
Messrs: Mittendorf-Olund
Moon
McKnight
Billings
Hanson
Field Team, Region II
Docket Copy
Chron. Copy

FILE COPY
SURNAME:

Blakemore

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

C. O. Mittendorf, Director
Production Expansion Division
Defense Minerals Administration 15371

1420137 Salaries and Expenses,
Defense Production Activities, Interior
1952,"100(400)

August 27, 1951

A. E. [illegible]
SOUTH 157 [illegible] STREET
[illegible], WASHINGTON

[illegible] CONTRACT DATED AUG 24.

[illegible]

C. O. Mittendorf (2, Hr)
C. O. MITTENDORF, DIRECTOR
PRODUCTION EXPANSION DIVISION

PBBLAKEMORE/jem
ccto: Reports & Records
Messrs. Mittendorf, Olund
Mr. Blakemore
Docket

SENDER IS AWAITING A SPEEDY answer

PLEASE GIVE IT TO THE MESSENGER OR TELEPHONE

WESTERN UNION 2477-D (6-48)

WESTERN UNION

W. P. MARSHALL, PRESIDENT

1201

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=Int'l Letter Telegram
VLT=Int'l Victory Ltr.

Day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

Code 400 PRA304

PR SKA040 GOVT NL PD=SPOKANE WASH 24=

TOM LYON, CHAIRMAN COORDINATING COMMITTEE=

DEFENSE MINERALS ADMIN DEPT OF INTERIOR WASHDC=

PRESS RELEASE 8-21-51 STATES AMBASSADOR MINES, SANDERS COUNTY, MONTANA HAS EXPLORATION CONTRACT APPROVED. NO NOTIFICATION RECEIVED THIS OFFICE. PLEASE ADVISE=

THOR H KIILSGAARD FOR A E WEISSENBORN EXECUTIVE OFFICER DMA FIELD TEAM REGION II=

8-21-51 II=

DMG-1593

Jan-113

G.E.P.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

AUG 2 7 48 AM '51

BUREAU OF MINES
MAIL ROOM
WASHINGTON, D. C.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
AUG 27 1951

Copy of Press Release on effective contracts dated

FILE COPY
SURNAME:
140

Guthrie
Gomez
Liebert

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

August 20, 1951

Memorandum

To: Director, Production Expansion Division a.E.C.

From: Acting General Counsel

Subject: Ambassador Mines, Inc. exploration contract -- Docket No. DMA-1593X

The contract in the captioned case is approved as to legal form and sufficiency subject to:

1. Ascertainment of the correct name of the company and its use in the initial paragraph and in the signature. There is a discrepancy between the two now.

2. The deletion of either paragraph 2(a) or 2(b) and the attachment of any subordination agreements which may be called for.

3. Elimination of the headings, "Exhibit 'B'," "Exhibit 'C'," "Exhibit 'D'" and "Exhibit 'E'." Under the new form of contract used here, the data formerly supplied under these headings is all supplied under Exhibit "A."

4. Proper signature by the operator.

5. Dating as of the day of delivery to the Operator.

Your file is returned herewith.

J. L. Hofflund

John G. Liebert, Acting for
J. L. Hofflund, General Counsel

RRGuthrie/ema
Copy to: J. L. Hofflund
R. R. Guthrie
Reports & Record Unit
Chron.

Attachment

Brokaw for McKnight

6/5/51

O'LEARY (FOR MOTE) Herres

7-6-51

Defense Minerals Administration

Review of Application for Exploration Assistance

Docket No. 1593X

Commodity Lead-zinc

Total Amount $ 20,283.00

Govt. Participation $10,146.50

1. Name and Address of Applicant Ambassador Mine, 416 Empire State Building, Spokane 1, Washington

2. Location of Property ~~Louders~~ Sanders County, Montana

3. Mineral or metal Lead-zinc Is it listed in Section 9 of MO-5?

If not, application will be rejected.

4. Geologic probability of discovery—based on data in application (question #16, 17, 18, 20 and 22)*

Mines or Survey reports, etc., do you rate chances:

a) Good X

b) Poor

c) None

d) Don't know—needs field examination

e) Is there an alternative and favorable project? No
(If so, attach an explanation)

5. Is the applicant's right to the property clearly stated? Yes
(question 5, 6, 7)*

6. If applicant is a lessee, is a copy of the lease attached? Yes

Does the lease have sufficient time to run to cover a future

productive period? Yes

*question numbers are those of MF-103

7. Are subordination agreements necessary? Yes

a) MF-201? _____

b) MF-202 Submitted by applicant

8. From the data presented, does the proposed project appear feasible from the point of view of:

a) Available manpower adequate

b) Equipment and supplies adequate
(Question 14 plus general knowledge of availability)*

c) Accessibility (question 12)* Of easy access

d) Water (question 13)* Adequate

e) Power (question 13)* Diesel equipped

Is a field check needed on any of these points? Already made

9. Does the experience of the applicant appear to be adequate to assure that he can properly conduct the proposed project? (question 4)* Yes

_____

Is a field check needed on this point? No. already made

10. Exhibit A. (questions 21 and 22)*

a) Is the project adequately described? Yes

If not, are there sufficient data given so that you can describe the project? Yes If so, attach a draft See attached exhibits of contract

b) Is there an adequate map or sketch of the proposed work? Yes

_____

c) Is the proposed work "exploration" under the definition of Section 8, MO-5? Yes

If not, what part of it is? _____

_____

_____

_____

14. Exhibit E (question 23-c)*

a) Is it applicable? No

b) Sufficient data?

c) Reasonable?

d) Field check needed? No - see schedule "E"

15. In your judgment, can the proposed work be done in the proposed time? Yes

(All exploration must be completed within two years)

16. If field examination is not needed, attach your recommendation.
Concurs with field team's recommendation of approval.

17. If field examination is needed, do you have any special instructions for the field team not indicated by your answers to the foregoing question?

Reviewed by: A. L. Brokaw - GS

Approved
Tom Lyon

Date 7-6-51

97692

Is this part a worthwhile exploration project?_____

d) Are the cost estimates detailed? Yes, see exhibit "A"

Can they be summarized, as on page 2 of Procedural Instruction 5-A, from the available data?_____ If so, attach a draft.

e) Are the cost estimates reasonable? Yes

f) Should more information be requested from applicant? No

g) Is a field examination necessary to complete Exhibit A? No

11. Exhibit B (question 23-d)*

a) Is it applicable? Yes

b) If so, are sufficient data furnished? Yes If so, attach a draft.

c) Is a field check needed? No - see exhibit "B" of contract

12. Exhibit C (question 23-e, f and g)*

a) Is it applicable? Yes

b) Sufficient data? Yes If so, attach a draft. Attached to contract

c) Are rents and charges reasonable? Yes

d) Is a field check needed? No Field check made

13. Exhibit D (question 23-a, b)*

a) Are there sufficient data? Yes

b) Is the schedule adequate for the work proposed? Yes

c) Is the schedule excessive for the work proposed? No

d) Are the proposed wages and salaries reasonable? Yes

e) Is a field check needed? No

Mr. Herres
Rm. 3618

AMBASSADOR MINES CORPORATION

416 EMPIRE STATE BUILDING
SPOKANE 1, WASHINGTON

June 29, 1951.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 2 - 1951
LANDON F. STROBEL
Executive Secretary

Mr. Otto Herres, Chief,
Lead-Zinc Branch
Defense Minerals Administration
Washington 25, D. C.

Re: Docket DMA-1593

Dear Sir:

Replying to your airmail letter of June 22nd, received, June 28th at this office, we have checked with the DMA office in Spokane and learned that the Fennell report was in some way overlooked when our application was submitted. We are advised by Mr. Weisenborn that the report is now on its way to Washington.

Yours very truly,

AMBASSADOR MINES CORPORATION

E. I. Fisher

E. I. Fisher, Sec'y

Airmail

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

So. 157 Howard Street
Spokane 4, Washington

June 28, 1951

Air Mail

Dm A - 1593X

Mr. Otto Herres
Chief, Lead-Zinc Branch
Defense Minerals Administration
Washington 25, D. C.

Dear Mr. Herres:

I had a phone call from the Ambassador Mines people, Saunders County, Montana, stating that they had received an air-mail letter from you requesting they send you a copy of a report by Fennell.

I find that we have a copy of this report in our file; presumably we forgot to send it with the applications and contract which we sent in on June 22. This is enclosed herewith.

I doubt if you will find the Fennell report too informative. All I can add is that the Wanda vein where exposed on the hill above the Lulu adit is narrow but well mineralized. I doubt that I would have recommended the long crosscut that the applicants have driven. However, only a small expenditure is required to reach the point where the Wanda vein should intersect the Lulu adit and this does not seem too wild a proposal, although it is a long projection from the surface. Some stoping was done on the Lulu vein; the proposed drilling seems fairly reasonable.

Sincerely yours,

A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

P.S. We do not have the docket number.

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUL 2 1951
LANDON F. SIMMEL
Executive Secretary

cc: U.S.B.M., Spokane
Enclosure

7

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

Log cno
Disbrow from ETM
Herzegh
HDS

June 22, 1951

Airmail

Re: Docket DMA-1593

Ambassador Mines Corporation
416 Empire State Building
Spokane 8, Washington

Gentlemen:

The report by Cecil C. Fennell to which you refer apparently was not transmitted to us when you submitted your application. Would you please send this to us as soon as possible so that further action can be taken on your application?

Very truly yours,

Otto Herres

Otto Herres, Chief
Lead-Zinc Branch

EJLyons:emp
G 6/22/51
Copies to: A. E. Weissenborn Region II (2)
Chief, Lead-Zinc Br.
E. T. McKnight 4204 GSA
R. H. Mote
R. F. Strobel
Directors r. file 4214 GSA
Br. r. file 4214 GSA
Files

Dma - 1593X

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

June 21, 1951

20,000

Mr. L. F. Strobel
Executive Secretary
Defense Minerals Administration
Washington 25, D. C.

Dear Mr. Strobel:

Enclosed herewith ~~is~~ are ~~one~~ six signed contracts, 6 copies of Exhibits "A", "B", "C", "D", and "E", and a map for an exploration project of Ambassador Mines, Inc.

Will you please forward this to the Chairman of the Lead-Zinc Branch.

Sincerely yours,

Verne C. Fryklund

V. C. Fryklund
For: A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

Enclosures

cc: U.S. Bur. Mines
Spokane, Wash.

5

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.
So. 157 Howard Street
Spokane 4, Washington

June 21, 1951

DMA-1937

Memorandum

To: Tom Lyon, Chairman
Coordinating Committee
Defense Minerals Administration
Department of Interior
Washington 25, D. C.

From: Field Team, Region II

Subject: Ambassador Mine
Sanders County, Montana

Enclosed herewith ~~is~~ are ~~one~~ six signed contract~~s~~, 6 copies of Exhibits "A", "B", "C", "D", and "E", also a map for an exploration project of Ambassador Mines, Inc.

The Ambassador Mine was visited several years ago by personnel of this office, although no report has been prepared. The Wanda vein has a strong surface outcrop, and the proposed exploration will permit the company to extend the Lulu crosscut another 200 feet in order to reach the vein. This will be followed by drifting on the Wanda vein to determine the thickness and grade. If the Wanda vein is as strong at depth as on the surface, a considerable amount of ore will be indicated.

Concurrently with crosscutting and drifting, it is proposed to drill two underground holes which will determine the depth extension and grade of the Lulu vein.

Inasmuch as only a relatively short drive is required to reach the presumed projection of the Wanda vein, it is recommended that this exploration proposal be approved.

By Field Team, Region II

M E Volin
M. E. Volin, Member
(U.S. Bureau of Mines)

A E Weissenborn
A. E. Weissenborn, Exec. Officer
(U.S. Geological Survey)

Enclosures

cc: U.S. Bur. Mines-Spokane, Wn.

FILE COPY
SURNAME:

UNITED STATES
DEPARTMENT OF THE INTERIOR
DEFENSE MINERALS ADMINISTRATION
WASHINGTON 25, D. C.

June 15, 1951

Ambassador Mines Corporation
416 Empire State Building
Spokane 8, Washington

Subject: DMA-1593 X
Re: Exploration Loan - $21,000 (The DemaMine, (Montana)

Gentlemen:

Receipt is acknowledged of your application and attachments of May 31, 1951 from the AMBASSADOR MINES CORPORATION for a Government loan under the Defense Production Act of 1950.

The application was assigned Docket Number 1593 X and referred to Mr. Otto Herres, Chief, Lead-Zinc Branch, on June 11, 1951.

In any future correspondence relating to your application, kindly refer to DMA-1593 X.

Sincerely yours,

LANDON F. STROBEL

Landon F. Strobel
Executive Secretary

LFSTROBEL/aec
cc: Strobel-2
Files
Mr. Herres
Mr. Lyon

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington

DMA 1593 X

May 31, 1951

Mr. L. F. Strobel
Executive Secretary
Defense Minerals Administration
Department of Interior
Washington 25, D. C.

Dear Mr. Strobel:

I am enclosing four copies of Form MF-103, submitted by the Ambassador Mines Corporation and four copies of MF-100, submitted by the same company. Also included are four copies of Form MF-202.

A few years ago, I briefly visited the property, although I did not map the mine. The outcrop of the Wanda vein is an interesting showing, although I am not sure that I would have been enthused enough about it to drive the long crosscut that was required to test it at depth. However, I believe that the relatively small amount of work required to complete this crosscut and to drift on the Wanda vein, if found, as proposed in the application, is probably worth doing. The plan proposed by the applicant seems reasonable and his estimates of costs, which have been hurriedly checked, seem in line with other applications we have received.

Sincerely yours,

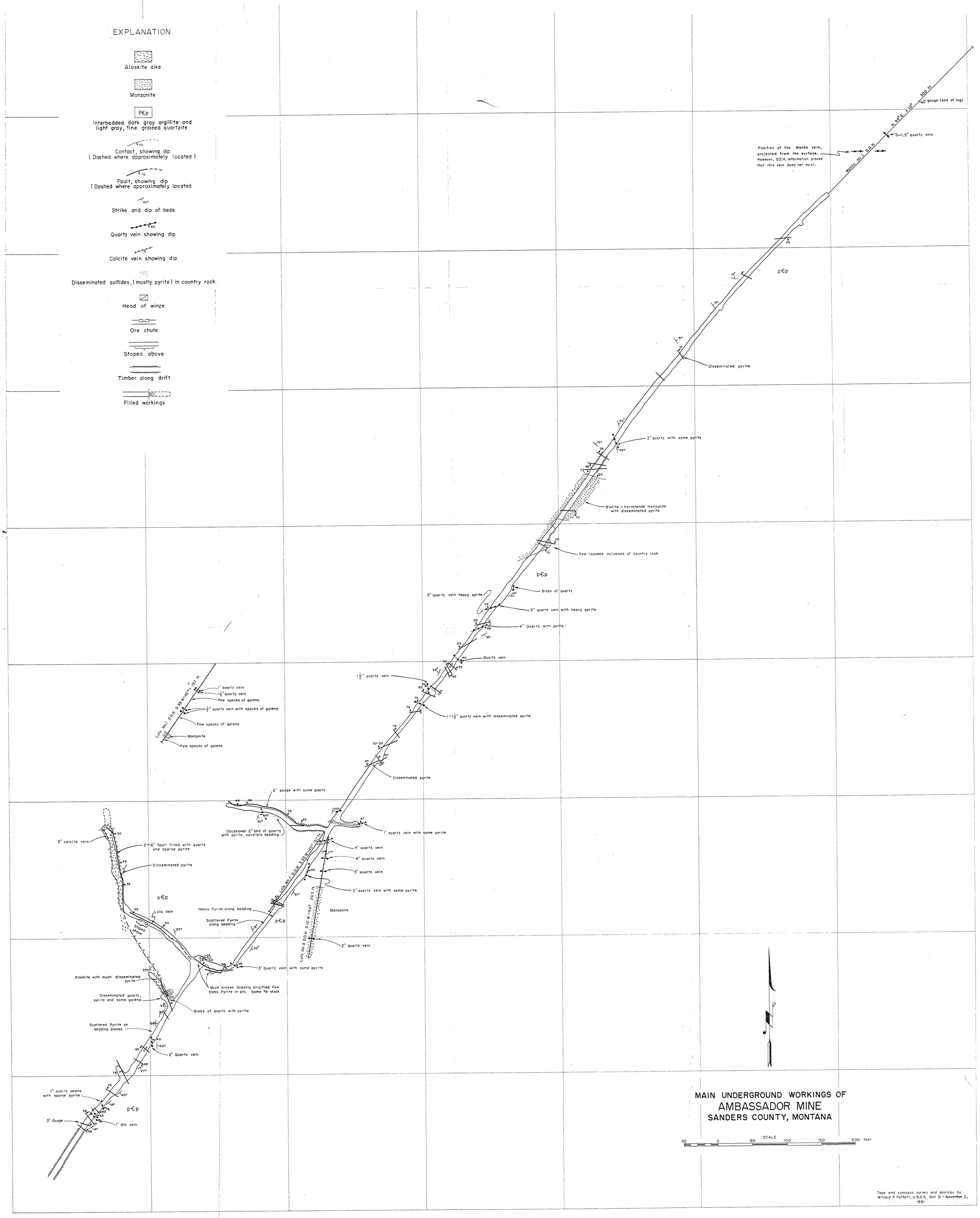
A. E. Weissenborn

A. E. Weissenborn
Executive Officer, DMA
Field Team, Region II

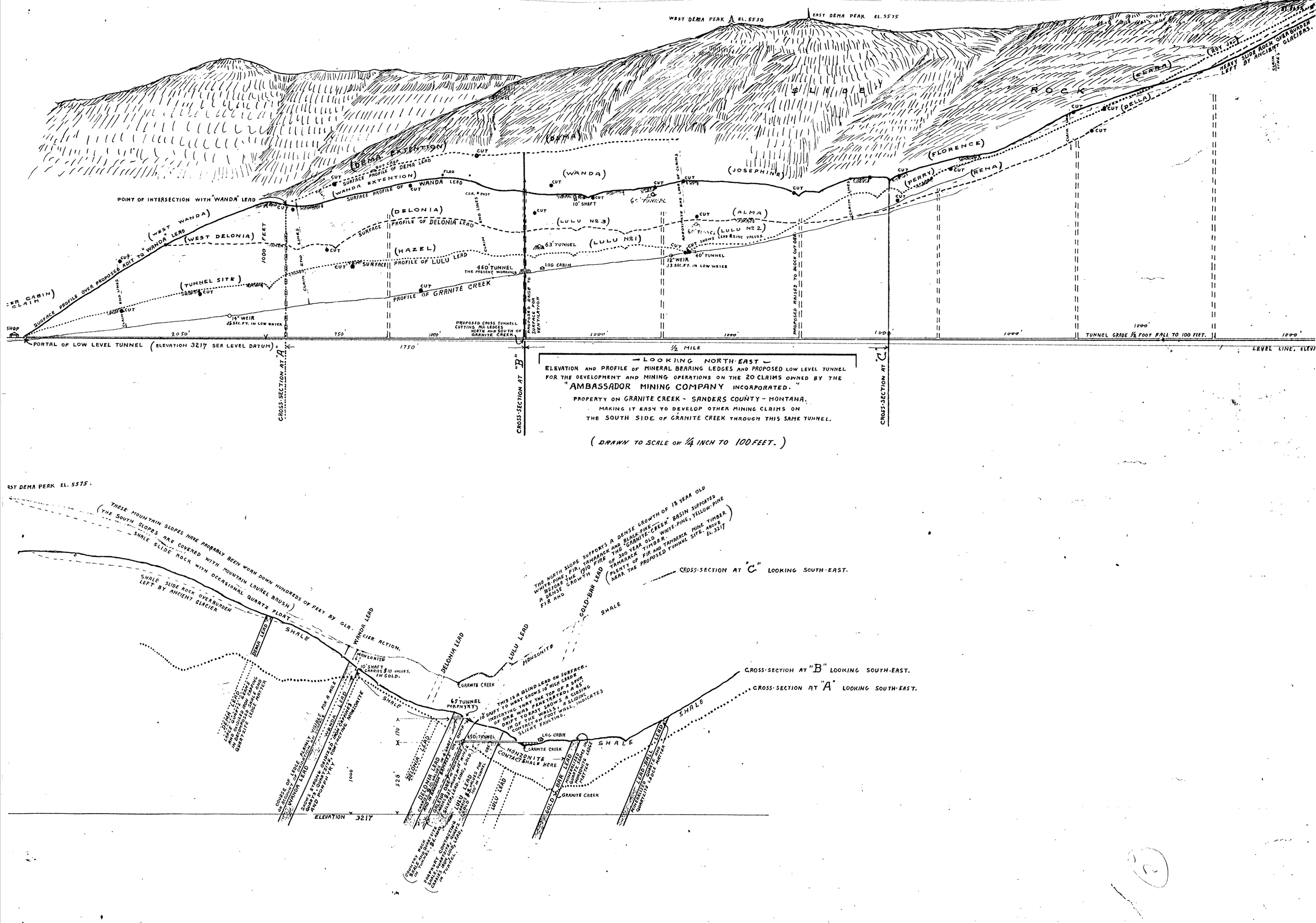
Enclosures

cc: M. E. Volin

DEPARTMENT OF THE INTERIOR
Defense Minerals Administration
RECEIVED
JUN 5 - 1951
LANDON F. STROBEL
Executive Secretary


EXPLANATION
Alaskite dike
Monzonite
P€p
Interbedded dark gray argillite and light gray, fine grained quartzite
Contact, showing dip
(Dashed where approximately located)
Fault, showing dip
(Dashed where approximately located
Strike and dip of beds
Quartz vein showing dip
Calcite vein showing dip
Disseminated sulfides, (mostly pyrite) in country rock
Head of winze
Ore chute
Stoped above
Timber along drift
Filled workings
300 ft.
gouge (end of log)
N. 49° E. 4 10°
1.5" quartz vein
Position of the Wanda vein, projected from the surface. However, D.D.H. information proved that this vein does not exist.
Wanda No. 2 D.D.H.
p€p
Disseminated pyrite
2" quartz with some pyrite
Biotite – hornblende monzonite with disseminated pyrite
Few rounded inclusions of country rock
p€p
Blebs of quartz
3" quartz vein heavy pyrite
3" quartz vein with heavy pyrite
4" Quartz with pyrite
Quartz vein
1½" quartz vein
1 – 1½" quartz vein with disseminated pyrite
Lulu No. 1 D.D.H. S 35 W – 45° 197 ft.
1" quartz vein
1½" quartz vein
Few specks of galena
½" quartz vein with specks of galena
Few specks of galena
Monzonite
Few specks of galena
Disseminated pyrite.
6" gouge with some quartz
Occasional 2" bed of quartz with pyrite, parallels bedding.
1" quartz vein with some pyrite
4" quartz vein
4" quartz vein
3" quartz vein
2" quartz vein with some pyrite
Lulu No. 1 D.D.H. S 35 W – 45° 197 ft.
Lulu No 3 D.D.H. S 10 W – 46° 263 ft.
Monzonite
2" quartz vein
2" calcite vein
2 – 6" fault filled with quartz and sparse pyrite
Disseminated pyrite
p€p
Lulu Vein
Stoped above
Heavy Pyrite along bedding
Scattered Pyrite along bedding
p€p
3" Quartz vein with some pyrite
Alaskite with much disseminated pyrite
Much broken. Greatly silicified Few blebs Pyrite in qtz. Some Fe stain
Disseminated quartz, pyrite and some galena
Blebs of quartz with pyrite
Scattered Pyrite on bedding planes.
2" Quartz vein
1" quartz seams with sparse pyrite
p€p
3" Gouge
1" Qtz vein
MAIN UNDERGROUND WORKINGS OF
AMBASSADOR MINE
SANDERS COUNTY, MONTANA
SCALE
50 0 50 100 150 200 feet
Tape and compass survey and geology by
Willard P Puffett, U.S.G.S. Oct 31 – November 2, 1951

SHEET No. 2
TROUT CREEK
NORTHERN PACIFIC
TOP OF MOUNTAIN
LAYOUT OF PROPOSED LOWER WORKINGS
MILL SITE FOR GRAVITY FLOW
HIGH GRADE SHIPPING BIN
MILL SITE FOR ELEVATOR HOISTING
HOTEL
SHOP
PROPOSED PORTAL OF MAIN TUNNEL STARTING AT ELEVATION 3217
IRON PRESSURE PIPE
STAND PIPE
BLACK CASTLE
WEST WANDA
WEST DELONIA
DEMA EXTENTION
WANDA EXTENTION
DELONIA
WANDA
DEMA
HAZEL
LULU No 3
LULU No 4
LULU No 2
JOSEPHINE
ALMA
FLORENCE
RENA
BERRY
CLARA
DELLA
ROY JUNIOR
GOLD BAR
WIRE SILVER
GOLD HONOR
LEAD BALL
GOLD QUARTZ
GRAY SILVER
GOLD HILL
LOG BARN
SHACK CABIN
EAST DEMA PEAK
TROUT CREEK STATION
HORSE STOPS
SCALE 1 INCH = 100'
POSITION OF SEC. CORS. IS BY ESTIMATION
MAP OF MINE SITES IN THE VICINITY OF THE
AMBASSADOR MINING COMPANY
TROUT CREEK, UTAH



— LOOKING NORTH-EAST —

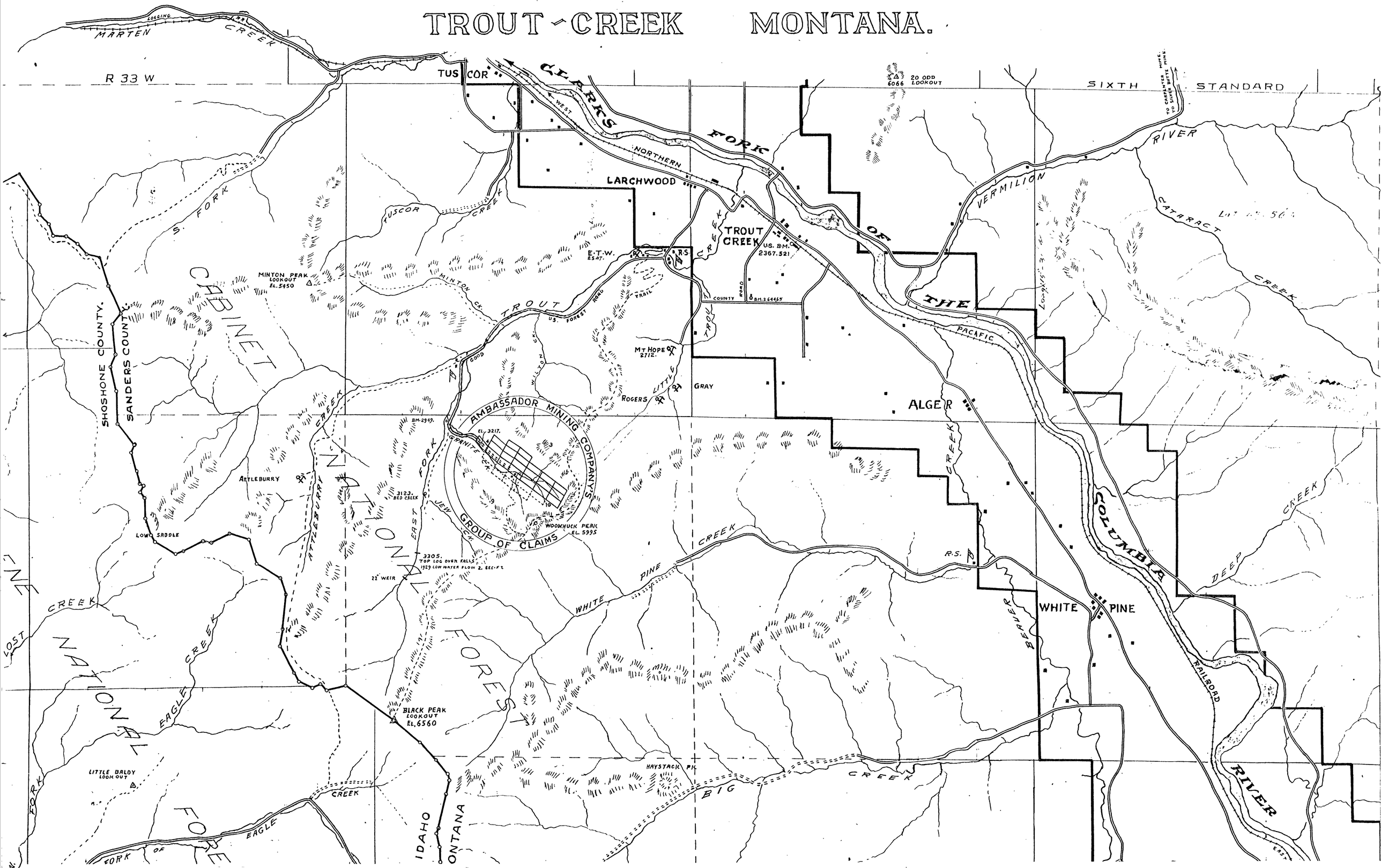
ELEVATION AND PROFILE OF MINERAL BEARING LEDGES AND PROPOSED LOW LEVEL TUNNEL FOR THE DEVELOPMENT AND MINING OPERATIONS ON THE 20 CLAIMS OWNED BY THE "AMBASSADOR MINING COMPANY INCORPORATED."

PROPERTY ON GRANITE CREEK - SANDERS COUNTY - MONTANA.

MAKING IT EASY TO DEVELOP OTHER MINING CLAIMS ON THE SOUTH SIDE OF GRANITE CREEK THROUGH THIS SAME TUNNEL.

(DRAWN TO SCALE OF ¼ INCH TO 100 FEET.)

AMBASSADOR MINING CO.

INCORPORATED UNDER THE LAWS OF MONTANA 1929.

TROUT-CREEK MONTANA.